ANNEXURE A

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANNUAL REPORT

FINANCIAL YEAR: 2011– 2012

OUR VISION

A responsive, people centred and developmental city

BUFFALO CITY
METROPOLITAN MUNICIPALITY

"A City Growing with you"

GLOSSARY OF ABBREVIATIONS

ABET	Adult Basic Education Training
ABWS	Amatole Bulk Water Supply System
ADM	Amathole District Municipality
ART	Anti-Retroviral Therapy
BBBEE	Broad-Based Black Economic Empowerment
BCMM	Buffalo City Metropolitan Municipality
BCDA	Buffalo City Development Agency
BCDS	Buffalo City Development Strategy
BEE	Black Economic Empowerment
BMS	Bridge Management System
CBD	Central Business District
CDS	City Development Strategy
CIP	Capital Investment Plan
COID	Compensation for Occupational Injury & Diseases
DBSA	Development Bank South Africa
DLA	Department of Land Affairs
DLGTA	Department of Local Government &Traditional Affairs
DMF	Disaster Management Fund
DHPS	Department of Health and Public Safety
DTI	Department of Trade & Industries
DVRI	Duncan Village Redevelopment Initiative
DWA	Department of Water
EAP	Employee Assistance Programme
EC	European Commission
ECDOH	Eastern Cape Department of Health
ECGDS	Eastern Cape Growth & Development Strategy
EFF	External Financing Fund
EL	East London
ELIDZ	East London Industrial Development Zone
EPWP	Expanded Public Works Programme
EU	European Union
FM	Frequency Modulation
FMG	Finance Management Grant
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Growth and Development Plan
GDS	Growth & Development Strategy
GIS	Geographic Information Systems

GRAP	Generally Recognized Accounting Practice
GTZ	German Agency for Technical Cooperation
GVA	Gross Value Added
HH	Households
HR	Human Resources
ICZMP	Integrated Coastal Zone Management Plan
IDC	Industrial Development Cooperation
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IEM	Integrated Environment Management
IEMP	Integrated Environmental Management Plan
INEP	Integrated National Electrification Programme
IPMS	Individual Performance Management System
IT	Information Technology
KfW	German Development Bank
KPA	Key Performance Area
KWT	King Williams Town
LA21	Local Agenda 21
LED	Local Economic Development
LOS	Levels of Service
LSDF	Local Spatial Development Framework
MEC	Member of the Executive Council
MELD	Mdantsane East London Development
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MOSS	Municipal Open Space System
MSA	Municipal Systems Act
MTIEF	Medium-Term Income and Expenditure Framework
MURP	Mdantsane Urban Renewal Programme
N.A.T.I.S.	National Traffic Information system
NERSA	National Electricity Regulator of South Africa
NGO	Non-Government Organisations
OEC	Organisation for Economic Co-operation and Development
ORA	Organizational Right Agreement
OSHACT	Occupational Safety and Health Act
PIU	Project Implementation Unit
PGDP	Provincial Growth and Development Plan
PHC	Primary Health Care
PMS	Performance Management System
PMTCT	Prevention of Mother to Child Transmission
PPE	Property, Plant & Equipment

PMU	Project Management Unit
PPP's	Public Private Partnerships
RDP 1	Reconstruction and Development Programme
RDP 2	Rural Development Plan
RG.	Restructuring Grant
RMS	Road Management System
RWSS	Rural Water Supply Scheme
RSA	Republic of South Africa
SA	South Africa
SACN	South African Cities Network
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SIDA	Swedish international Development Cooperation Agency
SMME	Small, Medium & Micro Enterprises
SPSP	Sector Policy Support Programme
STEP	Sub-Tropical Thicket Ecosystem Planning
USDG	Urban Settlement Development Grant
VCT	Voluntary Counselling & Testing
VIP	Ventilated Improved Pit Latrine
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSP	Water Services Provider
WC/WDM	Water Conservation and Water Demand Management
WTP	Water Treatment Plant

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CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 MAYOR'S FOREWORD

I hereby present, to the Municipal Council and people of Buffalo City Metropolitan Municipality, and to our stakeholders in general, this Annual Report for the Financial Year 2011/2012.

This report captures the activities and achievements of the administration and political leadership, under the newly-established Buffalo City Metropolitan Municipality. It portrays the first financial year of the five-year term (2011 – 2016) of the Buffalo City Metropolitan Council and the extent to which resources and internal capacity have been able to respond to the challenges of development and service delivery during the period under review.

The Annual Report contains the demographic and other profiles of the Buffalo City Region and its people, and it high lights the factors both endogenous and exogenous that influenced development and growth in the municipality.

In essence, the report reflects the extent to which the city has responded to the aspirations, concerns and expectations of the communities based on the Municipal Council approved Integrated Development Plan (IDP) of the period under review. The report represents how the City's resources were utilised and as such contains the audited consolidated Annual Financial Statements of the municipality. The report also contains the performance information, a narrative and graphical representation of how the city implemented its Service Delivery and Budget Implementation Plan (SDBIP).

In presenting this Annual Report, I want to acknowledge the role played by the administration in providing information for both public reporting and auditing purposes. However, it is important to note that while greater effort has been put in addressing the financial management and governance of the municipality, the internal control environment still require significant improvements in order for the municipality to achieve a clean audit outcome. It is therefore our collective endeavour to work tirelessly to ensure effective oversight over administration and entrenchment of good governance ethos in order to achieve public accountability and confidence.

Councillor Zukiswa Ncitha
Executive Mayor
Buffalo City Metropolitan Municipality

1.2 MUNICIPAL MANAGER'S OVERVIEW

The Annual Report for the 2011/12 Financial Year has been compiled in accordance with the section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003 as well as accompanying circulars, templates and guidelines. The report records the performance and progress made by Buffalo City Metropolitan Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP), Institutional Scorecard and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review.

The 2011/12 financial year marks the first year in office for the current Council since the 2011 Local Government Elections were concluded. The same financial year is significant in that, it also marks the first year of Buffalo City as a metropolitan (category A) municipality.

The year under review had its share of successes and challenges from an administrative perspective. The Council adopted an IDP that was based on the following strategic focus areas:

- Improving intergovernmental relations;
- Building citizen confidence;
- Bridging the digital divide;
- Improving performance, compliance, processes and systems;
- Building sustainable communities;
- Job creation;
- Improving governance; and
- Financial viability

The metro has sustained a good rapport with national and provincial departments as well as with other organs of state based on principles of cooperative governance, service delivery and institutional support.

Our ward committees received training and support to enhance their effectiveness as the grassroot machinery for enhancing public participation. The metro also approved the national government incentives framework for ward committees. Various campaigns and hearings were undertaken to raise public awareness on the various programmes being implemented by the metro. This endeavour was further given a significant boost with the launching of a community radio station with the support from the metro.

From technological from, the metro as an institution committed a significant budget to improve its Information Technology infrastructure, back-ups, systems and platforms. There are multi-year projects that are aimed at improving financial administration, procurement, document management and information technology governance. In the year under review, the metro facilitated the installation of fibre optic cables by Dark Africa across the breath and width of the city's economic and residential hubs in line with the national strategy to achieve broadband technology.

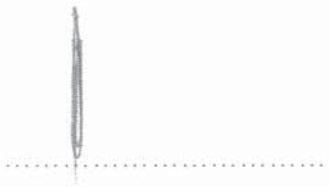
From an accountability perspective, the metro's audit results have improved from a disclaimer in 2010, adverse opinion in 2011 to a qualified opinion in 2012. A comprehensive multi-year audit turnaround plan was adopted by Council in 2012 and its implementation is underway, in line with the national and provincial 'Operation Clean Audit' programme. In the

2012/13 financial year, the administration endeavours to significantly improve the control environment and minimise non-compliance with legislation and policies as well as the management of performance information.

Service delivery defines the very existence of a municipality, and in the year under review, the metro faced huge challenges with respect to project planning, pipelining and execution. To this effect, the expenditure levels remained low at financial year end. The biggest areas of concern were under-spending for Urban Settlements Development Grant and Public Transport Infrastructure Grant. Turnaround plans for improving project management capacity and capital spending have since been implemented and results will be monitored and reported on during the 2012/13 financial year.

The metro is the biggest employer contributing significantly to the regional economy. Unemployment is rife, hovering above 24% and poverty is rampant. In the year under review, the metro took a renewed focus on the service delivery model of Expanded Public Works Programme (EPWP). This programme has been institutionalised in the City Manager's office, and the results and impact will be monitored and reported on during the 2012/13 financial year. Other community based programmes such as the Community Works Programme were also considered by Council during the year under review to complement efforts aimed at job creation in the metro. The metro also continued to play its facilitator role in local economic development through support private sector investment opportunities across the metro, notably, the Steve Biko Foundation in Ginsberg, King Williamstown; Metlife Mall expansion in King Williamstown, Bhisho revitalisation, Mercedes Benz of South Africa expansion project, East London Airport improvements, rehabilitation of the Old Buffalo Bridge and the establishment of a new automotive retail hub in Beacon Bay and Abbortsford area.

Lastly, from a financial viability perspective, Buffalo City Metro has sustained a credit rating of "Long Term A" and "Short Term A1-", in spite of the global economic down turn. This was confirmed by the Global Credit Rating Company and Rating Afrika respectively. The assessments conducted on Buffalo City revealed that key liquidity metrics were deemed to be adequate; and that the metro was maintaining a current asset ratio of 1, 57: 1. In addition, the cash holdings for the metro continued to cover total borrowings over the short to medium term. Buffalo City Metro continues with its current norm of maintaining cost coverage of approximately 3 months to sufficiently cover its fixed operating expenditure into the future.



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MUNICIPAL MANAGER

1.3 BUFFALO CITY METROPOLITAN OVERVIEW

1.3.1 Location Description

Buffalo City Metropolitan Municipality is situated relatively centrally in the Eastern Cape Province, which is bounded to the south-east by the long coastline along the Indian Ocean.

The Eastern Cape Province is the second largest province in land area in South Africa, and covers some 169,580 square kilometres, which is 13, 9% of South Africa's total land area. The province has the third largest population of South Africa's Provinces, approximately 6, 4 million people (Census 2001), which is 14,1% of South Africa's people. The province is generally seen as one of the two poorest in South Africa. There are two major urban conurbations within the Province, Nelson Mandela Bay Metropolitan and Buffalo City Metropolitan Municipality.

Figure 1 : BCMM Locality in South Africa

Source: Municipal Dermacation Board

Figure 2 : BCMM location in the province and region

Source: Municipal Dermacation Board

Buffalo City is the key urban centre of the eastern part of the Eastern Cape. It consists of a corridor of urban areas, stretching from the "port city" of East London to the east, through to Mdantsane and reaching Dimbaza in the west. East London is the primary node, whilst the King Williams Town (KWT) area is the secondary node. It also contains a wide band of rural areas on either side of the urban corridor. Buffalo City's land area is approximately 2,515 km², with 68km of coastline.

Both King William's Town (KWT) and East London have important functions. KWT functions as a Regional Service Centre and together with Bhisho, is the Provincial Administrative Hub and contains the seat of the Provincial Government of the Eastern Cape Province, whilst East London is the dominant economic hub.

In view of the dominance of the East London Core Area the KWT/Bhisho Regeneration process requires budgetary emphasis for implementing the projects that the LSDF identifies..

Buffalo City is broadly characterised by three main identifiable land use patterns.
The first is the dominant urban axis of East London – Mdantsane–KWT–Dimbaza, which dominates the industrial and service sector centres and attracts people from throughout the greater Amathole region in search of work and better access to urban service and facilities.

The second is the area comprising the fringe peri-urban and rural settlement areas, which, whilst remaining under the influence of the urban axis, is distinct in character and land use patterns. These include the Newlands settlements, those settlements that previously fell within the former Ciskei Bantustans, and the Ncera settlements located west of East London.

Thirdly, the commercial farming areas form a distinctive type of area. These areas are dominant in the north-eastern and south-western (coastal) sectors of the Municipality and are characterized by extensive land uses, with certain areas making use of intensive farming (irrigation-based).

Figure 3 : BCMM Urban and rural settlements

Source: Municipal Dermacation Board

1.3.2 Economic, Social, Demographic Context : Major Shifts and Challenges

1.3.2.1 Demographic Context.

The Community Survey conducted in October 2007 by Statistics South Africa, estimates the total population of Buffalo City to be 724 306, a marked growth from the 2001 census which put it at 701 895. However, the last two official censuses for the BCMM population were broken down as follows:

Table 1: Population 2001 & 1996 (Census)

Area	2001	1996
KWT & Surrounds	184,246	183,934
East London Area	204,862	187,120
Mdantsane Area	168,284	176,483
Rural South	63,967	62,530
Rural North	80,536	76,881
Total	701,895	686,948

1.3.2.2 Current & Projected Future Population[1]

The following points are highlighted with regard to the resident population in Buffalo City: -

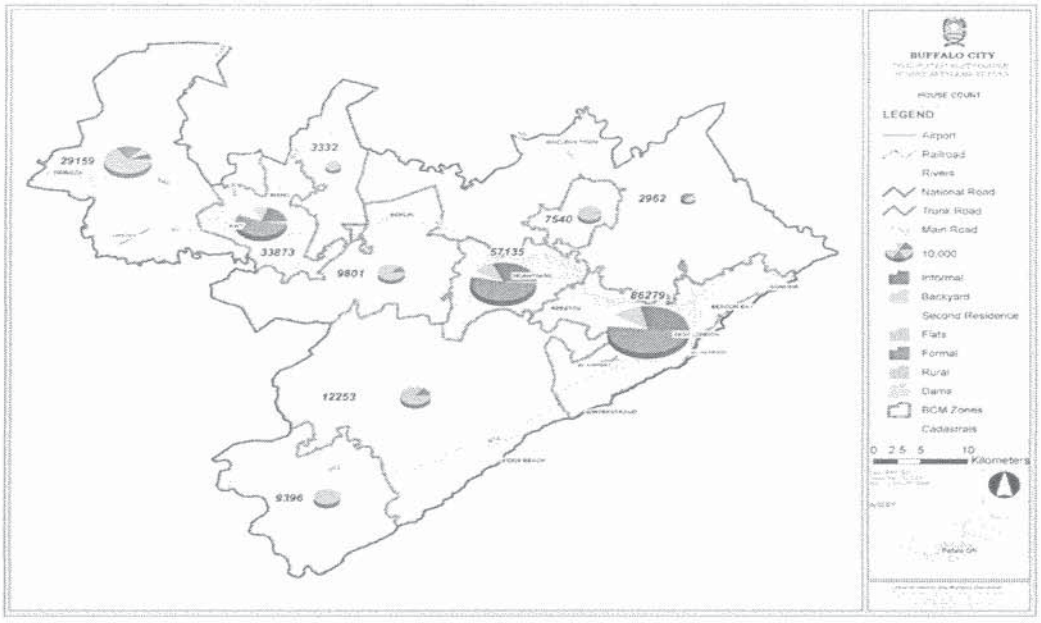
- ✓ Growth projections to the year 2020, taking into account the anticipated impact of HIV/AIDS, indicate an estimated total population of some 1,290,000 people.

- ✓ There has been an average annual increase of 1.49%. It must be noted that an increase in the number of dwelling units does not necessarily equate to a correlated increase in population as recent surveys have shown a trend for households to "split", whereby large families will occupy several small informal structures (either attached to a formal dwelling or in a separate locality) as the children of the household get older and require more personal space.

- ✓ This results in lower occupancy rates per unit, which in turn equates to an increase in demand for housing. Such demand, however, does not necessarily indicate a commensurate growth in population thus putting pressure on the need for accommodation and hence infrastructure.

[1] Work undertaken for the Buffalo City Metropolitan Municipality by the Rhodes University's Population Research Unit (PRU, 1999/2000).

Figure 4: Housing typology



✓ The projections represent a potential growth over a 15 to 20-year period of some 270,000 people, which has consequences for the spatial requirements for development (especially housing and associated social facilities).

1.3.2.3 Demographic Profile & Socio-Economic Aspects[2]

The demographic and socio-economic profile of the residents of Buffalo City indicates the following: -

✓ Some 41% of the population is aged 19 or below whilst 52% of the population is aged between 20 and 59 years of age. This relatively youthful profile of the population suggests ongoing pressure to provide not only the physical facilities required (housing, schooling and training facilities etc.) but also highlights the need to increase the rate of job creation in the local economy. The large cohort of youth coming through has implications for local economy and hence need for funding for economic development programmes.

✓ The relative preponderance of females in the economically active age cohorts indicates that the area remains a net exporter of male labour to other economic centres in the country, albeit at a lower rate than is characteristic of other parts of the Eastern Cape. This indicates that, relatively, within the Eastern Cape Buffalo City remains an area where people seek opportunities in the formal and informal economies.

Figure 5 : % Males and Females per age group

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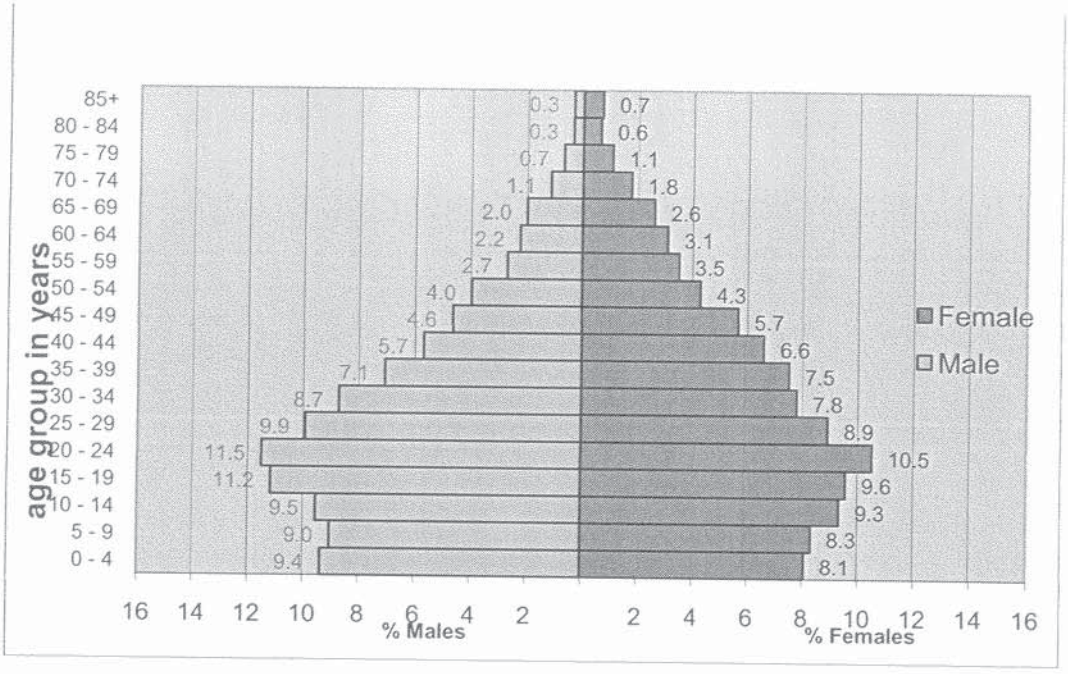
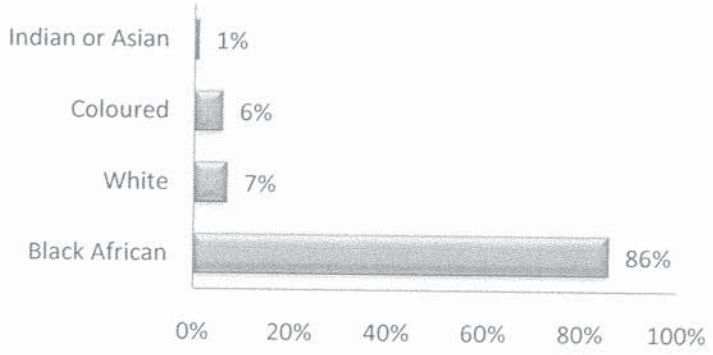
2 Based on the results of the 1996 Census, updated in parts by the Demographic Information Bureau (DIB, 2001).



✓ This is typically the shape of a developing community with a broad base indicating high birth rates, but with a definite decrease in number of births in recent years. (Community Survey 2007)

✓ The population groups in Buffalo City comprise of the following i.e. 86 % is from the predominantly Black African group with White and Coloured groups at 7% and 6% respectively. The Indian or Asian group only represents 1% of the population.

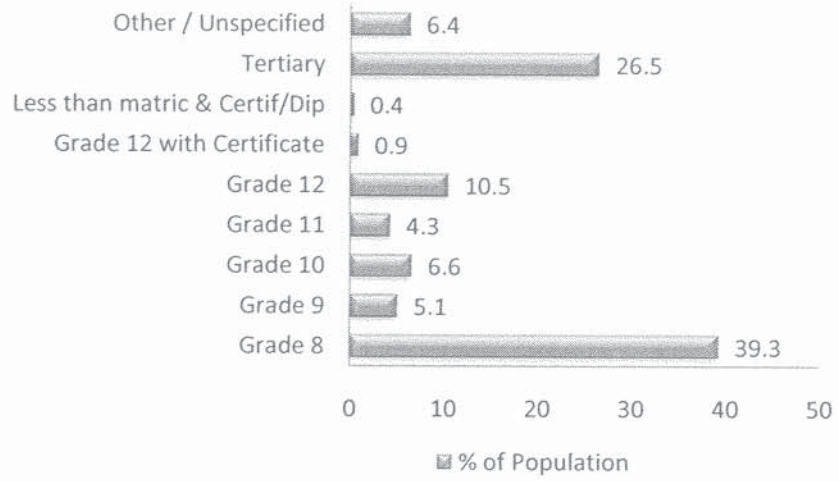
Figure 6 : Population Groups



✓ Almost 40% of the total population for BCMM falls into the category of reaching grade 8 or less in terms of education. Those who completed high school make up 26,5% of the population, while those with tertiary education also make up 26,5% of the population. Most people with

tertiary education are likely to be from the urban centres, particularly East London. (ECSECC estimates for 2009)

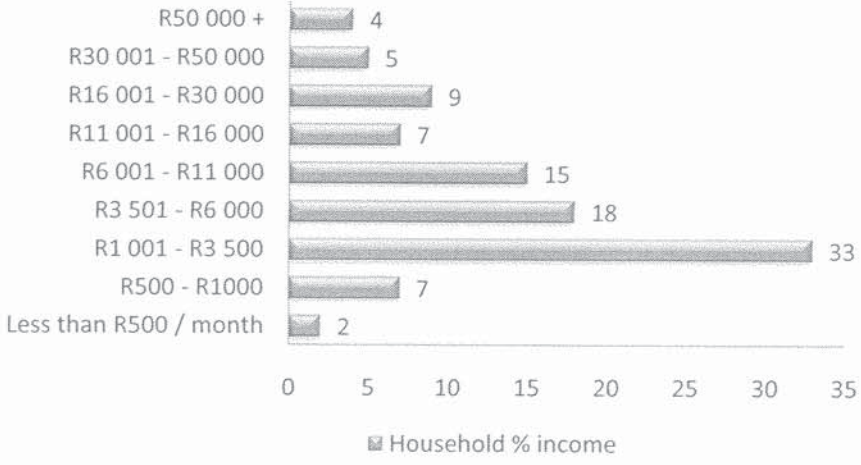
Figure 7 : Education levels



✓ The rate of unemployment in Buffalo City, at an estimated 24,3%, is lower than the Eastern Cape Provincial average of 31.3%. (ECSECC, 2009)

✓ However, the relative affluence of the majority of Buffalo City residents remains low, with only some 36% of the households in the area earning more than R1,500 per month.

Figure 8 : Income per Household



✓ The above chart gives an indication of income distribution within the municipality. Half of the population earn between one and six thousand rand per month. This makes up the majority of

the low earners in the municipality. Ten percent of those who work earn less than one thousand rand per month. Only 18% of the population earns more than sixteen thousand rand per month.

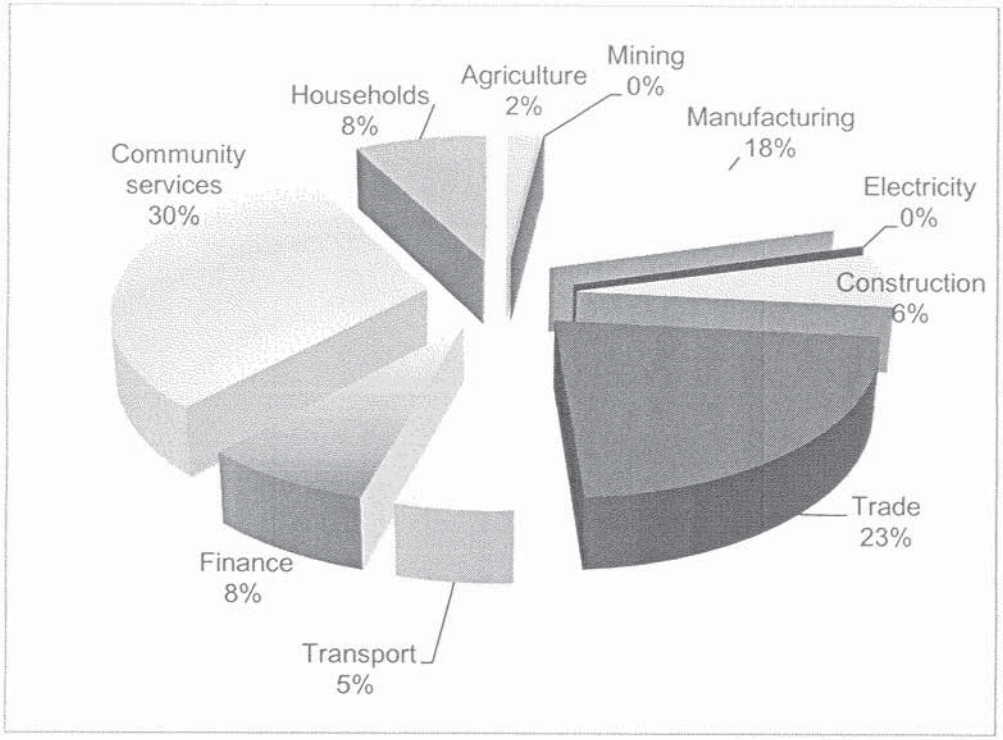
- ✓ This indicates that disposable income is at a premium in Buffalo City, and generally speaking, levels of affordability of residents is low, which has an impact on the diversification of the economy and, more particularly for the Spatial Development Framework, has implications for the forms of spatial development that are best suited to facilitating an improvement in the majority of residents' socio-economic circumstances.

- ✓ Circulatory Migration and rapid uncontrolled urbanization has implications for housing tenure options types in the sense that not everybody residing in the metro will be requiring permanent ownership accommodation, but some people might only be needing access to a rental unit during the working week before returning to their permanent peri-urban and rural villages for the weekend.

- ✓ As illustrated below, the community services sector employed about 30% of the employed in BCMM. This is followed by trade, 22 % and manufacturing 19%. It is interesting to note that the finance sector, the largest sector by size, employs only 8% of those employed in BCMM. It is also interesting to note that a new sector emerges when we look at employment figures in the form of the households sector.

- ✓ This sector refers to employment around households and currently accounts for 8% of all jobs in BCMM. Construction accounts for about 6% of the total jobs, agriculture employs 2% of the employed.

Figure 9 : Labour Market



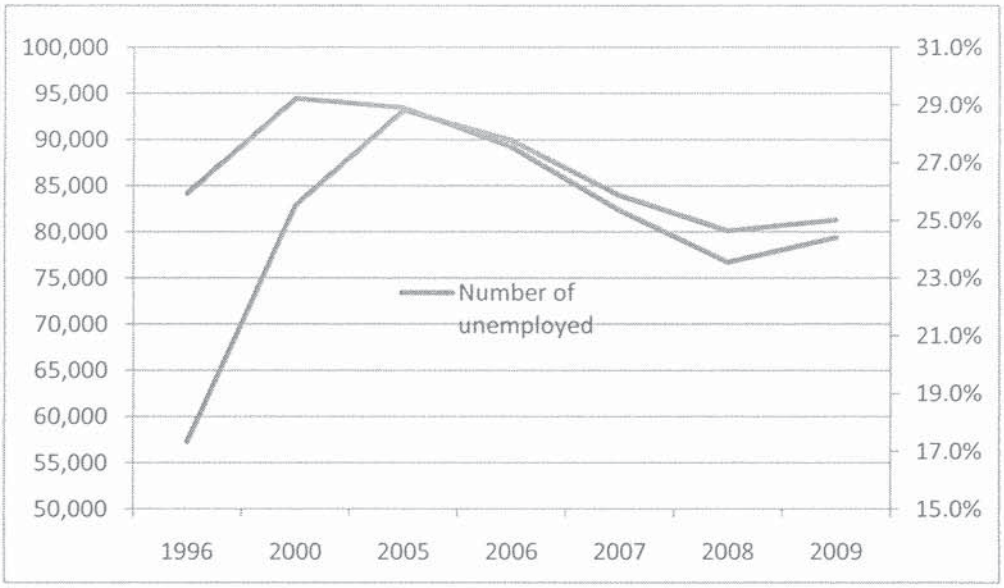
Source : ECSECC , 2010

✓ The community services sector continued to employ people, even during the reccession as there was an increase in the number of people employed. However, the sectors that rely on industry (trade, manufacturing and transport and construction) all shed jobs between 2008 and 2009.

✓ The number of people employed in Buffalo City shrank from 267,332 to 261,882 jobs, representing a loss of 5400 jobs. The impact of the job losses is much more if consideration is given to the fact that employed people often have families to support and the loss of a job can have disatourous consequences.

✓ After a period of decline from 2005, the unemployment rate at Buffalo City started to trend upwards especially during the period 2008 and 2009. This can be attributed to the recession which led to the loss of 5400 jobs as alluded to earlier. The number of unemployed people also increased accordingly to 82 000 during the period under discussion. With the expected recovery that is expected during 2010, the figures are expected to look much better. The unemployment rate of 24 percent at BCMM is much better than the 31 percent that was experienced across the province in 2009. The national unemployment rate averaged 23.8 percent in 2009

Figure 10 : Unemployment rate in Buffalo City 1996 to 2009



Source : ECSECC, 2010

✓ The Human Development Index (HDI) is an indicator which measures development. It measures life expectancy, literacy and income of a particular district. It is measured on a scale of 0 to 1 and an HDI should preferably be above 0.50 to represent an acceptable level of development. Buffalo City has a higher level of HDI than the Amathole District, the Eastern Cape and National HDI. This can be explained by the presence of good education facilities within the area, a growing economy as well as good health facilities. The HDI has improved from 0.58 to 0.60 between 1996 and 2009.

Table 2 : HDI from 1996 to 2009

Year	National	Eastern Cape	Amathole District	BCMM
1996	0.56	0.49	0.50	0.58
2000	0.57	0.50	0.51	0.60
2006	0.58	0.51	0.53	0.61
2007	0.58	0.51	0.53	0.61
2008	0.56	0.49	0.51	0.60

Source: ECSECC , 2010

- ✓ The Gini coefficient is a summary statistic of income inequality, which varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (in the case where one household earns all the income and other households earn nothing). In practice the coefficient is likely to vary from approximately 0, 25 to 0, 70. The figures for Buffalo City as illustrated in table 3 below indicate that inequality has been increasing in Buffalo City from 1996 even though this has slackened between 2008 and 2009. Comparisons with the Amathole District, the Eastern Cape and the rest of South Africa indicate that inequality is a countrywide problem.

Table 3 : Gini Coefficient

Year	National	Eastern Cape	Amathole District	Buffalo City MM
1996	0.62	0.62	0.60	0.59
2000	0.65	0.65	0.64	0.63
2006	0.67	0.66	0.66	0.65
2007	0.66	0.66	0.66	0.65
2008	0.66	0.66	0.65	0.65
2009	0.65	0.65	0.64	0.64

Source: ECSECC Data, 2010

1.3.2.4 Local Economy

Buffalo City is classified nationally as having "medium potential" and is therefore not seen to be a national development priority, with Coega and Nelson Mandela Metro receiving priority in terms of the allocation of national infrastructure funding. This situation exists partly because of a lack of national understanding regarding the critical importance of Buffalo City in servicing a broader regional and rural economy which contains about 4 million people. The success of the Buffalo City and regional economy cannot be separated. Refer to Figure 1.

The City acknowledges that low economic growth and a high rate of unemployment are still prevalent and present a major challenge. This further translates to relatively high levels of poverty which is widespread within the City.

Historically, levels of development in the Buffalo City area have been negatively affected both by its comparatively distant location in relation to the major centres of economic activity in South Africa

(Johannesburg, Cape Town and Durban) and by the previous socio-political and economic impact of policies.

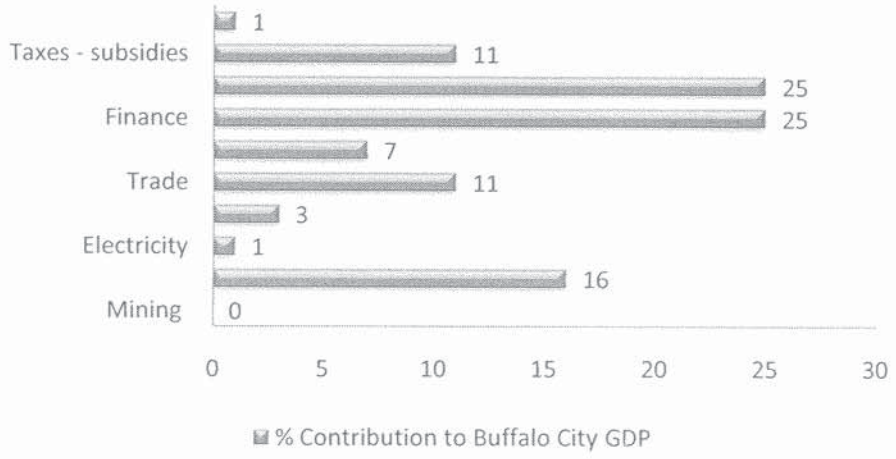
Consequently, while it is home to some 1,020,000 people, the majority of these are disadvantaged by their impoverished circumstances and low levels of skills. Disposable income, too, is scarce in Buffalo City as a whole and there is a consequent need to focus on overcoming the legacy of under-development affecting its people and the local economy.

This legacy of uneven and relatively low economic growth in Buffalo City has resulted in, and compounded the consequences of, a land use and settlement pattern that is characteristically fragmented and predominantly of a low density.

The following features are noted: -

- ✓ The Gross Value Added by the region is R30 billion (ECSECC, 2010)
- ✓ The Gross Domestic Product by the Region is R34 billion (ECSECC, 2010)

Figure 10 : % Contribution to Buffalo City GDP



- ✓ There is a concentration of economic activity in centres such as the East London and King William's Town Central Business Districts, and in areas such as Vincent and Beacon Bay (Regional Shopping Centres).

CHAPTER 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

2.1 OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS

The Directorate: Strategic Management covers the following support departments focusing on the inter-face of administration and political leadership:

- ✓ Offices of the Executive Mayor & Speaker;
- ✓ IDP/Budget/Performance Management & GIS;
- ✓ Communication & Development Cooperation;
- ✓ Public Participation & Special Programmes;
- ✓ Organisational Support;
- ✓ Knowledge Management & Research.

The activities of the Strategic Management Directorate are primarily focused on support for politically driven programmes – in the context of services delivery – and administrative compliance issues that are driven by or delegated through political principles of the municipality.

Strategic Management services are determined at a political level through the Executive - the Executive Mayor and Mayoral Committee; the Office of the Speaker; and administratively through the Office of the Municipal Manager.

2.2 KNOWLEDGE MANAGEMENT & RESEARCH UNIT

The Knowledge Management and Research Unit is responsible for the following focal areas at BCMM:

2.2.1 Research Focal Area

a. Coordinating the research needs of all directorates and departments as well as conducting relevant organization-wide scientific research studies for BCMM;

b. Facilitating access to BCMM by Honours and Masters Students and Doctoral Candidates wishing to collect data for their research projects, Treatise, Theses, and Dissertations at BCMM. These Candidates and Students are registered at various Academic institutions, where they prepare and complete their research studies, and where they are assisted, promoted and supervised in this regard by appropriate University Academic staff.

   As part of the research process, the Candidates and Students are required to collect data for analysis from identified and chosen research sites. In this respect, a number of Candidates and Students have chosen BCMM as either their sole research site or as one of the sites where to obtain the necessary information and data to collate and analyse, from BCMM Officials and Political Office holders, operating in areas of relevance to the topic of their research studies.

c. To this end, the Knowledge Management and Research Unit has developed Research Guidelines for Candidates and Students to strictly adhere to before being permitted to conduct their scientific data collection for their Academic research studies at BCMM, and to be assisted through provision of the contact details of relevant officials and politicians (in line with international Code of Good Practice for conducting research studies).

As per the BCMM policy and Research Guidelines for on students conducting research at the institution, students are furthermore informed that once their research study has been completed, they are required to provide a copy of the final research product to BCMM, through the Knowledge Management and Research Unit.

In addition, the students are also requested to undertake a presentation after graduation, of the findings of their research study, to BCMM, if possible. Once all the information, as alluded to above, has been received by the Knowledge Management and Research Unit, relevant officials are informed that the student has met all the necessary criteria, the student is provided with the names and contact details of these officials, informed to contact them directly and provided with a letter for his/her academic institution indicting that he/she has met the necessary requirements and been granted permission to conduct the data collection for their research at BCMM.

d. During the 2011/12 Financial year, the Knowledge and Research Unit has processed a total of 33 requests from primarily Postgraduate Candidates and Students, registered for Honours, Master's and Doctoral degrees, to conduct part of or their entire research study at BCMM.

2.2.2 Policy Focal Area

Assisting the policy owners of various directorates with the development, alignment, review and maintenance of all policies;

- Establish a policy framework that speaks to the needs of the BCMM
    - Coordinate, review and ensure development of applicable policies for BCMM
    - Promote an integrated approach to policy development
    - Manage the process of policy initiation, formulation, implementation, monitoring, evaluation and review
    - Create and maintain a central repository for storage and retrieval of institutional policies; and
    - Coordinate and/or provide ongoing capacity development opportunities around policy enhancement.

2.2.3 Knowledge Management & Multi-Media Products Focal Areas

a) Coordinating the implementation of a Knowledge Management Strategy organization-wide in order to ensure that:
    i. BCMM institutional memory is captured and shared;
    ii. Case studies are documented on best practices, lessons learnt, weaknesses and innovative projects for learning and sharing;

iii. Knowledge assets are stored on a centralised knowledge portal for ease of access; and

iv. Creating and nurturing a knowledge sharing culture and environment.

b) The Unit has knowledge Multi-media functionality (knowledge products), through which various BCMM events, programmes and projects, as identified and requested by individual departments, are captured by means of digital camera, and transformed into DVD productions through the Unit's Multi-media editing equipment.

2.2.4 Strategic External Questionnaire Administration

Administering, coordinating and consolidating of strategic questionnaires and information from external stakeholders (e.g. COGTA, National Treasury, SALGA, SA Cities Network, Academia, NGO's CBO's, National and Provincial Statistics SA) and return of all completed and quality assured questionnaire to respective senders.

2.2.5 Highlights: 2011/2012 Financial Year

During the past year, the Knowledge Management & Research Unit has successfully undertaken numerous activities and tasks surrounding the knowledge management, research and policy functions at BCMM. In this regard, the Unit would like to highlight the following achievements:

2.2.5.1 Research Development:

(a) The completion of a Case Study on Lessons Learnt: *"The T.A.S.K Job Evaluation Process at BCM"*

(b) The completion of the research study investigating *"Absenteeism in the Workplace in BCMM"* for the BCMM Absenteeism Committee.

(c) Active Participation in the 2nd Annual International Conference on the Knowledge Economy (ICKE) and Knowledge Management held at the East London Golf Club from 24-28 October 2011 where the Unit presented two papers, to much acclaim and a Poster session focusing on:

i. The IDP Service Delivery Impact Assessment Study (Oral Presentation)

ii. Knowledge Management Strategy and Implementation (Oral Presentation)

iii. The Knowledge Audit (Poster Presentation)

d) The processing of a total of 38 research requests from internal and external Candidates and Students (nationally) for conducting scientific data collection at BCMM.

2.2.5.2 Policy Development, Alignment And Facilitation

With respect to the Policy function, the KM & Research Unit is involved on a daily basis in the development, review and amendment of BCMM policies, in line with the needs of Top Management and Council

a) New Policies developed in conjunction with relevant stakeholders included:
   i. Draft Sponsorship Policy (Office of the City Manager)
   ii. Customer Care Policy (Executive Support Services)

b) Policies aligned, reviewed and facilitated

In conjunction with the policy owners, the Unit has also assisted with the drafting, aligning and/or review of the Institution's:

i. Housing allocation Policy (Chief Operating Officer)
ii. Housing Relocation Policy (Chief Operating Officer)
iii. Aldermanship Policy (Corporate Services)
iv. Staff Transfer and Migration Policy (Corporate Services)
v. Petitions Management Policy (Office of the Chief Whip)
vi. Supply Chain Management Policy (Finance)
vii. Disaster Management Policy (Health and Public Safety)
viii. Pauper Burial Policy (Community Services)
ix. Travel and Subsistence policy for Councillors and Officials (Corporate Services)
x. Fleet Management Policy (Engineering)
xi. Council Standing Rules and Orders By-law (Office of Speaker)
xii. Ethics Policy for Councillors and Employees (Corporate Services)

2.2.5.3 Strategic comprehensive Questionnaires

The Unit has received, processed and administered a total of 11 (eleven) completed strategic external Questionnaires without any negative reports, during the 2011/12 financial year from external stakeholders. These strategic questionnaires have emanated primarily from the Statistics South Africa, Municipal Demarcation Board, Institute of Security Studies, Eastern Cape Provincial Government, and other National Government Departments and Research Companies

A list of administered and completed questionnaires reflected in the Table 5.2 below.

TABLE 5.2: A SUMMARY OF ADMINISTERED AND COMPLETED QUESTIONNAIRES FROM EXTERNAL STAKE HOLDERS FROM JULY 2011 TO JUNE 2012

ORGANISATION	THEME	YEAR
1. City of Johannesburg	Benchmarking Questionnaire on Gender Mainstreaming	July 2011
2. Statistics South Africa	Non-Financial Census 2010/2011	September 2011

3. Eastern Cape Dept of Local Government & Traditional Affairs	Parliamentary questions concerning Supply Chain Management (SCM) System and financial challenges	September 2011
4. Office of the Eastern Cape Premier	Anti-corruption Assessment Questionnaire	September 2011
5. Institute of Security Studies	Questionnaire on Disclosure of Financial Assets by Councillors	October 2011
6. Water Research Commission	Regulation of Water Services	October 2011
7. Government Printing	GPW Customer Survey	October 2011
8. Municipal Demarcation Board	Municipal Capacity Assessment	November 2011
9. Market Decisions	Municipal Information	December 2011
10. National Dept of Tourism	Extent of Tourism Public Sector Procurement	January 2012
11. Statistics SA	Business Register Quality Improvement Survey	February 2012

2.2.6 Knowledge Management and Training

With respect to the Knowledge Management function, 2011/12 saw the very successful completion of the basic Knowledge Management training for Councillors, Top Management and Middle-Management and Knowledge Management Champions, as aligned with the KM Strategy and Framework.

This basic course was about introducing knowledge management. It dealt with some basic aspects of Knowledge Management. The course began with introduction to Knowledge Management and practicing Knowledge Management and linked these to IDP. The course defined and explained the concept of Knowledge Management and the importance of implementing it in Buffalo City Metropolitan Municipality and how it should support the basic implementation of KM strategy of BCMM towards making the municipality efficient and effective. The course tackled the aspects of how data is collected and transformed into information and utilized in decision making.

Separate training sessions were organised for Councillors, Senior Management and Middle Management and KM Champions respectively. This training was at NQF Level 5.The training led to a new set of KM Champions being chosen, ready and willing to coordinate and facilitate KM institutionalization across all levels. Councillors also chose their own 3 KM Champions.

Participants were provided with good quality certificates of attendance following upon the training sessions, as presented below:

ikmae

This is to certify that
JACK FINE

has participated and successfully completed training on Basic Knowledge Management
Securing basic KM Competencies

Period 28-29/06/ 2012

and is hereby awarded this

KNOWLEDGE MANAGEMENT CERTIFICATE OF ACHIEVEMENT

Dr Siviwe Jolobe
Managing Director
Date: 30/06/2012

Dr Nolwazi Mbanjwa
Chief Executive Officer
Date: 30/06/2012

Information and Knowledge Management Academy (Reg 2010/121077/24)

It was decided that when choosing KM Champions the following criteria be used:-

Table 2.3: Qualities of KM Champions

Quality of KM Champions	Qualities of KM Champions Continues
• Organised person • Good communication skills • Leadership skills • Informed and a good sharer of knowledge • Flexible • Open-minded • Transparent • Computer literate • Team Player • Innovative and creative	• People's person • Approachable • Passionate about KM • Presentation skills • Assertiveness • Confident • Good listening skills • Sensitive to confidential information • Patience • Ambitious

The qualities considered in selecting KM champions were based on the roles of the KM champions. A KM champion was described as a people's person because such a person will have to interact with various staff members in an endeavour to institutionalize KM in BCMM.

2.2.7 Challenges

1. While the Knowledge Management Strategy and Framework represents progress in efforts towards the development of a knowledge storing and sharing culture at BCMM, the lack of available funding and insufficient staffing levels from the inception of the Unit in 2005, required for the further implementation of the Knowledge Management Strategy and Framework continue to impede the entrenchment of an organisational culture of sharing and learning, the coordinated and consistent generation, management and dissemination of knowledge, skills and capacity building and transfer, integration of ITC and electronic management systems and networks the capturing of institutional memory, and case studies of best practice, lessons learnt, weaknesses and innovative projects for learning, benchmarking and sharing purposes.

2. Staffing and financial constraints, experienced since 2005, are also preventing the optimal operation of the research and policy arms of the Unit. Of particular concern is the fact that out of the required compliment of six technical staff members (out of a total of 10), the Unit at present comprises only three, meaning that four extremely critical posts are currently not accounted for, leading to serious problems in the functionality of the Unit. Moreover, while the Knowledge Management and Research Unit is well capacitated in terms of multi-media knowledge management equipment, without a multi-media practitioner and other relevant staff, the unit (and thus BCMM) is unable to profit from the multi-media functionality of the Unit.

2.3 PUBLIC PARTICIPATION AND CONSULTATION

2.3.1 Public Participation Strategy and Policy

The BCMM Public Participation Strategy Policy was commissioned during the 2010/2011 financial year as part of the IDP funded projects. The development of Public Participation Strategy was done against the backdrop of the Municipality Legislative obligation on participatory democracy as value content within a municipal development discourse. The strategy offers the Municipality and its service units an opportunity to assess the extent to which we have lived up to the expectations in terms of developmental local government mandate with regards to centrality of the people in determining their own development. The institutionalisation and mainstreaming of Public Participation in BCMM service delivery departments was the result of the recommendations of the strategy.

2.3.2 BCMM Public Participation Annual Plan

The BCMM annual template was developed to maintain a Public Participation system in terms of which the community satisfaction with the Municipal services can be assessed, where the BCMM directorates populated in their programmes needing community interface e.g. Revenue Management Policy consultation, Indigent Policy Campaigns, Air quality Management Plan, Solid Waste

Management Plan with their budget, target group, timeframes and milestones, this is endeavor to institutionalize public participation in BCMM service delivery directorates.

2.3.3 IDP/Budget Public Hearings

IDP/Budget public hearings were convened from 23 April to 3 May 2012 in over thirty venues throughout the length and breadth of the City. The public meetings were well attended with more than 4 500 community members.

2.3.4 Council Open Day

25 May 2012

The purpose of Council Open Day is to present outcomes of the IDP/Budget public hearings to external stakeholders and to outline municipal plans in response to issues raised by members of the community during the consultations.

2.3.5 Ward Public Meetings

These meetings are mainly for the Councillors to report back to their communities on issues from the Council as well as community concerns back to the municipality. According to the BCMM Standing Rules Orders By-Law Rule 10.1. (a) Public meetings were supposed to be held quarterly, but due to vastness of BCMM wards some Councillors were not able to hold their public meetings in one venue as such they opted to hold their public meetings according to their geographical areas.

2.3.6 Participation of Ward Committees in the Municipal Activities

During the year under review Ward Committees participated in the following municipal activities IDP hearings, State of the Metro Address, Revenue Management Policy consultation, Indigent Policy Campaigns, Air Quality Management public meetings, Council Open day and Ward Councilors feedback general meetings.

2.3.6.1 Out of pocket expenditure

In line with the National Framework BCMM developed a criterion for calculating out of pocket expenses. Starting from March 2012 all BCMM Ward Committees are paid R1000.00 each month based on their performance within the Wards and if a member fails to fulfill his or her duties on a monthly basis without any justification of non-performance the allowance would be forfeited for that month. Out of pocket expenses for Ward Committees was an own funded project. About R6 million has been allocated for this project for 2011/2012 and 2012/2013 financial years.

2.3.6.2 Financial Implications

During the year under review about R2, 852 370 was used towards establishment of Ward Committees, Ward Committee training programmes and out of pocket of expense. The increase in funding for this financial year was as result of recognizing the importance of participatory governance in terms of Out Of Pocket Expenditure of Ward Committees in enhancing participatory democracy in

local government. Even though this money cannot be said to be enough the Department is confident going forward that the Metro shall invest in community participation in improving its status.

2.3.7 Community Development Workers

2.3.7.1 Monitoring of Community Development Workers Performance (CDW's)

For 2011/2012 financial year no training provided to CDWs as happened in previous years due to financial constraints. Even though there was no training provided to CDWs was coordination was done effectively.

2.3.7.2 Availability of CDW monthly reports

CDW's submit their reports quarterly to the Department of Corporate Governance & Traditional Affairs and the role of BCMM is to ensure preparation and co-ordination of such reports.

2.3.7.3 Participation of CDWs in the Municipality activities e.g. IDP

Apart from focusing around Provincial matters and programmes, CDW's also assisted during IDP processes by supporting mobilization and co-ordinating signing of the attendance registers for communities who attend IDP programmes, Council Open day and State of the City address, door to door campaigns, amongst the other areas they participate on.

2.3.8 Ward Committee Establishment And Functionality

2.3.8.1 Ward Committee Meetings Process Plan

Ward Councillors and Ward Committees submit an annual schedule of meetings with venues, dates and times at the beginning of each financial year. These Ward Committee meetings are held bi-monthly and minutes are compiled and kept at Public Participation Department.

All Ward Committee minutes & attendance registers were submitted to the relevant community facilitator monthly who in return co-ordinates responses on issues raised in the meetings around service delivery by forwarding those to the relevant Directorates for action and responses for reporting at the next Ward Committee Meeting.

2.3.8.2 Ward Committee Meetings

During the year under review one hundred and four (104) ward committee meetings were convened in BCMM. Due to activities that occurred in preparation for establishment of Ward Committees i.e. Ward Committee Establishment Awareness Campaigns; distribution of nomination forms; Ward Committee elections and co-options in Ward Committee vacancies, Ward Committee Meetings only started in February 2012.

For the Financial year 2011/2012 about twenty two (22) Ward public meetings were held from March 2012 after the establishment of Ward Committees and amongst the meetings convened, the following consultations were held: IDP/Budget hearings, Revenue Management Consultations, Indigent Policy

Consultations and Ward General meetings. All these meetings were intended to enhance Public Participation as a value within developmental local government.

2.3.11.4 Participation of Ward Committees in the Municipal Activities

During the year under review Ward Committees participated in the following municipal activities IDP hearings, State of the Metro Address, Revenue Management Policy consultation, Indigent Policy Campaigns, Air Quality Management public meetings, Council Open day and Ward Councilors feedback general meetings.

2.4 COMMUNICATION

The current strategy which was adopted by Council on the 5th October 2010 is under review. In augmenting the channels of communication the Institution has supported the establishment of Mdantsane FM with the view of encouraging public participation. The institution has utilized this communication platform by producing weekly development news which focuses on service delivery issues.

The internal electronic newsletter (BCMM Monthly) is also growing and is very popular with BCMM employees and externally as we also produce a hard copy. The Municipality had also produced Ward Based Newsletters which were focusing mainly on the projects and developments that took place in the wards. Also the production of DVD's that carry educational and informative content for BCMM employees and the public. These DVD's focus on IDP, Municipal Finance, Water Services, Solid Waste and Induction Programme. They are currently shown in all Municipal Service Offices.

The Metro was the only Municipality that produced ward-based newsletters and audio news and that had attracted the attention of Government Communications and Information Systems (GCIS) and the Office of the Premier in the Eastern Cape. The Communications Unit was then invited in Nelson Mandela Bay to share the best practices on communications. The case study was presented to all municipalities during the induction of new communicator.

Above this the Metro now has a fully fledged Metro Communicators Forum (MCF) which meets quarterly. This forum was launched by the Executive Mayor and it has been instrumental in the establishment of MdantsaneFm and input in the new Communications strategy.

The Unit has also developed communication plans for different campaigns within the metro like:

IDP/Budget Road shows
Open Council Day
Waterloss Campaign
Indigent Registration Campaign
Clean-up Campaign

State of the Province Address

State of the Metro Address

Exco-Outreach

Illegal Connections Awareness Campaign

Safety Campaign

Summer Season Campaign

The Municipal Website is updated daily with activities from the different Municipal units, Municipal Tenders, Vacancies. Then monthly updates on Municipal Policies, Strategies and other legislated documents.

2.5 INTERGOVERNMENTAL RELATIONS

BCMM continued to partner with public enterprise, parastatals and other government departments on various projects. Through the Glasgow partnership another 50 000 books were donated the Eastern Cape Department of Education during the financial to schools in Buffalo City area. In addition, through the Swedish partnership BCMM was supporting an Emergency and Ambulance Services project with the Eastern Cape Department of Health which looked at the skilling of paramedics and improving ambulance services to local communities. Other initiatives included the signing of an agreement with BCMM, Department of Cooperative Governance, Eastern Cape Department of Local Government and Traditional Affairs and Mercedes Benz South Africa to address institutional and service delivery challenges; partnership with Eastern Cape Department of Public works, and Department of Correctional Services to support municipal road upgrade and cleanliness. In addition, BCMM had through the Milwaukee County (USA) partnership funded the upgrading and expansion of the Aspiranza Clinic which now falls under the auspices of the Department of Health.

2.6 INTERNATIONAL PARTNERSHIPS

Buffalo City Metropolitan Municipality (BCMM) took its cue on development cooperation and international relations directly from the South African Foreign Policy. The objective was to make a contribution towards strengthening governance and local democracy, and reducing poverty. The partnerships with Gävle - Sweden, Leiden – Netherlands, Milwaukee County- USA, Glasgow – Scotland and Region of Tuscany- Italy through their donor agencies all have the same goal.

During the year under review South Africa became a member BRICS. The BRIC countries, namely, Brazil, Russia, India and China had been recognized as emerging economies of the future and South Africa's alliance with these emerging economies could auger well for trade and investment opportunities. Realizing that there was potential and benefits that could be derived for BCMM from this country arrangement, (BCMM) resigned an agreement with the city of Qinhuangdao, Hebei Province in China which had a bilateral partnership with the former East London Transitional Local Council and BCMM. The partnership with Francistown, Botswana was still actively being pursued however it had been recognized that funding would be a problem and therefore opportunities for

collaboration would be investigated through the Swedish partnership which made provision for tripartite funding.

In March 2012 BCMM partnered with the Department of International Relations and Cooperation to host an International Relations Seminar termed "Reflection on South Africa's International Relations Engagements: Implication for National and Regional Development" with the Minister of International Relations, Ms Maite Nkoana-Mashabane.

2.7 LEGAL MATTERS

2.7.1 Setting up of Legal Units

BCMM has legal services spread in three directorates as follows:

- Legal Services Section in the directorate of the Municipal Manager dealing with general litigation and provision of legal advice and legal opinions;
- Human Resources in the directorate of Corporate Services dealing with labour matters; and
- Debt Collection in the directorate of Finance dealing with debt collection matters.

The last two divisions mentioned above, on a constant basis refer to complex matters in their sphere of operation to the Legal Services Section for advice, opinion and implementation and as such also utilise the human capital of the Legal Services Section.

The Human Resources section also utilises the budget allocated to the Legal Services Section for all their labour cases.

The Legal Services Section, in terms of the applicable organogram has only four posts of legal advisors, namely:

1 x Senior Legal Advisor – funded and filled

2 x Legal Advisors – funded and filled

1 x Assistant Legal Advisor – funded and filled.

Due to the amount of work referred, the present structure is miserably inadequate to meet the requirements of the institution. The section has serious human capital challenges. Over and above this shortage, one of the Legal Advisors is also seconded to assist in the Supply Chain Management Unit.

In respect of the administrative support staff, the Legal Services Section has two posts, in terms of the applicable organogram as follows:

1 x Administration Officer – vacant and unfunded

1 x Typist Clerk – funded and filled.

A proposal from the Legal Section was tabled seeking to amend the structure by increasing the personnel in respect of legal advisors as well as administrative support staff. The proposal had been

put in a state of suspension due to the process of developing a new structure after the attainment of a metropolitan status and the Legal Service Section continues to operate in highly unfavourable conditions insofar as staff provisioning was concerned.

2.7.2 External Legal Services Providers

The list of external legal service providers engaged in the 2011/2012 financial year are as listed in the table below:

LIST OF LEGAL SERVICE PROVIDERS IN 2011/2012

NAME OF FIRM/SERVICE PROVIDER	STREET ADDRESS	SURBURB/TOWN	POSTAL CODE
B. Bangani Attorneys	50 St. Georges Street	Southernwood	5201
Bax Kaplan Incorporated Attorneys	2 Clevedon Road, Clevodon House	Selborne	5201
Enzo Meyers Attorneys	16 Smartt Road	Nahoon	5241
Kirchmanns Incorporated	Global House, 3 Pearce Street	Berea	5241
Matyeshana |& Moodley Attorneys	Ground Floor, Pilot Mill House, The Quarry	Selborne	5201
Makhanya Incorporated	Cnr of Argyle & Oxford Street, Werners Building, 2nd Floor	East London	5201
Maseko Tilana Incorporated	Meyers Building, 67 Cambridge Road	East London	5200
Mfazi Kose Incorporated	16 Smartt Road	Nahoon	5241
Matanda & Company	1st Floor, Motorland Building, Cnr Fleet & Oxford Str.	East London	5201

MMV Attorneys	Suite 3, 1st Floor, Sherwood House, 1 Batting Road	Beacon Bay	5205
Niehaus Mc Mahon Attorneys	21 Belgravia Crescent, Southernwood	Southernwood	5201
Nongogo Nuku Inc.	39 Balfour Road	Vincent	5201
Nqoma & Company	No. 7 Union Building, Union Street	East London	5200
Smith Tabata Attorneys	57 Western Avenue, Vincent	Vincent	5213
Tinto Du Plessis & Associates Inc.	32 Tecoma Street	Berea	5247
Wikus van Rensburg Attorneys	36 Western Road, Central	Port Elizabeth	6001
Wesley Pretorius & Associates	Ground Floor, Pilot Mill House, The Quarry	Selborne	5201

A database of External Legal Service Providers were in the process of procurement and will be up and running and being utilised in the next financial year.

2.7.3 Legal Outcomes

It was remarkable to note that despite the dire straits under which the Legal Service Section was functioning at one hundred percent (100%) success rate was achieved in the 2011/2012 financial year in cases finalised by the courts.

2.7.4 Criminal Matters Emanating from corruption and fraud

Criminal matters emanating from possible or alleged corruption and fraud were still being investigated by the South African Police Services and other state agencies e.g. Waste, Tender Irregularities; Ernst and Young Investigation on Tender Awards during Dr Zitha's tenure as Acting Municipal Manager.

2.7.5 Management of Legal Risk

Management of risk involves the engagement of possible exposure to litigation which was an aspect of the broader Institutional Risk Management Framework. Management of risk including the risk of exposure to litigation was cross-cutting and was not confined only to the Legal Services Section but is a responsibility of every official of the municipality.

2.7.6 Municipal Courts

The Legal Services Section was also engaged in the process of establishing municipal courts in the area of jurisdiction of Buffalo City Metropolitan Municipality. To this end, the section is in the process of consultation with various stakeholders necessary for the task to be a success.

2.8 SPECIAL PROGRAMMES FOCAL AREAS – MAINSTREAMING CROSS-CUTTING ISSUES

The Special Programmes Unit in line with its developmental metro trajectory seeks to create an environment within the Integrated Development Plan (IDP) which was responsive and supportive of attaining the 8 Millennium Development Goals (MDGs) by 2015. The 8 goals are to:

- Eradicate extreme poverty and hunger;
- Achieve universal primary education ;
- Promote gender equality and empower women;
- Reduce child mortality;
- Improve maternal health;
- Combat HIV and AIDS, malaria and other disease;
- Ensure environmental sustainability; and
- Develop global partnerships for development.

It was therefore of vital importance that the mainstreaming of vulnerable and marginalized groups within all IDP clusters was prioritized and realized so that the metro considers the vulnerable groups and their needs in planning and delivering services. The 2010 National Antenatal Sentinel HIV & Syphilis Prevalence Survey in SA reveals that the HIV prevalence rate within the Amathole District had increased by nearly 5% since last to a HIV prevalence rate of 31.5% which was higher than the Eastern Cape prevalence rate of 29.9% and the National prevalence rate of 30.2%.

Vulnerability reduction including HIV infection and prevalence rates required to be considered in relation to its drivers namely; informal housing, access to water, sanitation and their role in the health and welfare of specifically vulnerable groups. HIV wass therefore no longer a medical health approach but "health" within this context and as defined by the World Health Organization (WHO), "was a state of complete physical, social, economic wellbeing, and not merely the absence of disease or infirmity".

To this end, mainstreaming seeks to firstly address and redress the challenges faced by the cross-cutting marginalized groups in terms of their susceptibility towards becoming at risk or negatively

impacted on due to various factors namely: biological (access to clean water and health services), behavioural (gender inequality) and social factors (children and women at risk of social violence as a result of unsafe housing and inadequate environmental lighting). Secondly, mainstreaming focuses on vulnerability viz., the consequences and results of being HIV infected, the ability of child headed households, indigents and those living in abject poverty to access livelihood assets and support from the state and other agencies.

Ongoing mainstreaming initiatives were in place within the various IDP clusters and these included the Indigent Policy, SCM's preferential procurement initiatives for women, youth etc, disability friendly primary health clinics and resource centres.

The metro was approached by South African Medical Research Council (MRC) and the Centre for Health Policy, School of Public Health (University of the Witwatersrand) to participate in a pilot project titled *Mainstreaming of the Millennium Development Goals within the metro's Integrated Development Plan.*

The metro would be the first local authority to have such a mainstreaming implementation plan with emphasis on vulnerable groups.

2.9 BCMM Mainstreaming Mechanisms

2.9.1 BCMM Women's Caucus

On the 16th March 2012 the metro launched the Women's Caucus. The Caucus seeks to rally all women Councillors towards one common goal of ensuring involvement of women in all decision making structures of Council, and advocating gender equality within the metro's structures and processes.

2.9.2 Buffalo City Disability Forum

The est while BCM established and launched its Disability forums in December 2010 and members of this forum were nominated from the disability sector. The forum serves as a platform for persons with disability to participate and input on municipal programmes. To this end forum had developed its action plan for current year and this plan is on the implementation phase.

In addition to an external stakeholder's Disability Forum, the metro had established and launched an Interim *Disability Employee Committee* in April 2012. The Committee serves as an advisory and consultative body engaging in advocacy and diversity awareness raising and representing disabled employee's interests and concerns within Buffalo City Metropolitan Municipality Council structures and as the metro addresses Employee Equity within the workplace.

2.9.3 Metro AIDS Council

BCMM established and launched its AIDS Council in December 10 and it was known as the Local AIDS Council. This council was comprised of different sectors i.e. Government Departments, NGOs, Traditional leaders, Disability forum etc. In June 2012 the LAC was formerly launched as Metro AIDS

Council and Members of the Council signed a pledge as a symbol of their commitment and dedication. The MAC was further inducted on its mandate by BCMM under the technical guidance of the Eastern Cape AIDS Council. Currently the MAC is in a process of rolling out its Action plan for the current year which includes the School behavioural change programme.

Figure... BCMM City Manager and MAC Members with the signed pledge during candle light (Re - launch of MAC)

2.9.4 Buffalo City Metropolitan Youth Flagship programmes

BCMM has two youth development flagship programmes namely; BCMM Bursary Fund and Youth Advisory centers.

2.9.4.1 The Buffalo City Metropolitan Municipality Bursary Fund

The Buffalo City Metropolitan Municipality Bursary Fund had been operational since 2008. The Fund provided financial assistance to applicants from historically disadvantaged backgrounds who were studying in the scarce skills fields of *Engineering, Finance, Information Technology / Computer Sciences, Agriculture, Health and Environmental Sciences, as well as Planning and Economic Services.*

In addition to the Bursary Fund providing financial assistance, the Fund also provided beneficiaries with an opportunity to participate in experiential learning placements and or internships within the metro without creating an expectation that said beneficiaries will be absorbed as employees within the metro.

The Bursary Fund is a concerted human capital initiative to address the scarce skills shortage within the metro's geographical area. To this end, Bursary Fund graduates would ideally find meaningful employment locally versus being attracted to other metros.

When the Fund was initiated in 2008,ten (10) beneficiaries were enrolled and currently there are twenty eight (28) beneficiaries within the 2012 academic year. The Fund caters each

year for both new beneficiaries and for those existing beneficiaries who have performed academically satisfactorily within their current academic year, to reapply for the next academic year. A snapshot of the Bursary Fund to date is reflected below:

Academic Year 2011

No of Beneficiaries:	25 – Beneficiaries (12 new beneficiaries and 13 carry forward beneficiaries)
Outcomes:	2 – Graduates
	17 – Pass and qualify for 2012 Bursary Fund
	4 – Continue studies without assistance Bursary Fund
	2 – Failures
Project Budget :	R1 100 000

Academic Year 2012

No of Beneficiaries:	28 – Beneficiaries (11 new beneficiaries and 17 carry forward beneficiaries)
Project Budget :	R1 400 000

Within 2011 the following beneficiaries have graduated and are in internships within the metro as follows:

Beneficiary Name	Tertiary Qualification	Year of Graduation	Outcomes post-Graduation
Ms X Mblashwa	Bachelor of Social Science	2011	BCMM intern Local Economic Development for 12 months from May 2012
Ms N Jamangile	Bachelor of Agriculture Extension / Production	2011	BCMM intern Local Economic Development for 12 months from May 2012
Ms A Janbos	Bachelor of Science - Biochemistry	2011	BCMM intern Scientific Services for 12 months from May 2012
Ms P Nqaba	Bachelor of Science - Economics	2011	Pursuing her studies at own expense

It is estimated that at least five (5) beneficiaries will graduate following the 2012 academic year and will embark on internships within the metro as follows:

Envisaged Bursary Fund Internships for 2013	Field of Study
2	Information Technology
1	Business Management and Economics
1	Electrical Engineering
1	Environmental Services

Experiential Learning Placements

The following experiential learning placements have been facilitated for Bursary Fund beneficiaries as part of their pre-graduation requirements.

Beneficiary Name	Field of Study	Year of Study	Experiential Learning Placement
Mr A Ketelo	Mechanical Engineering	3rd year	BCMM Mechanical Workshops for 12 months from March 2012
Mr A Bhomiseni	Engineering	3rd year	BCMM Engineering Directorate for 6 months from November 2012

Figure.. Experiential Learning Placements

2.9.4.2 Youth Advisory Centre

BCMM in partnership with National Youth Development Agency (NYDA) has established three Youth Advisory Centers which operate from Mdantsane, King Williams Town and Trust Centre. The centers cover mainly 5 key main streams:

- ✓ Employment
- ✓ Self-employment
- ✓ Education
- ✓ Health and well being
- ✓ Citizenship

These Centers provide both Career Guidance and Outreach Services to both in and out school youth including internet access and life skills initiatives.

2.9.5 Life Skills Programme

Schools with performance challenges were identified at Mdantsane and the life skills programme was introduced by Youth Advisories to guide and assist learners with their Study plans and study strategies.

2.9.6 Database for unemployed youth

Each center has developed its database for unemployed youth. External stakeholders are able access the database through Youth Advisors for instance,

- ✓ 12 young people were selected from the database for leanership programme and they were given stipend.
- ✓ Volunteers were selected from the data base for Phelophepha job opportunities and they were given stipend.

2.9.7 Information Sharing Session

In fulfilling the youth advisory mandate, a number of information sharing session were held by Youth Advisors in partnership with other stakeholders' i.e.

- Job Summit which was held at East London ICC.
- Port Festival at East London Port.
- Adopt-a- Child session held at Orient Theatre.
- Youth celebrations held at Home Affairs and at City Hall.
- The one we recently held at Ncera Village 2
- Luniko Productions expo – career guidance
- Nompendulo High – career guidance
- Forbes Grant School – career guidance
- Expo by the Department of Local Government and Traditional Affairs SPU

2.9.8 Training Opportunities for Youth

Through Youth Advisors a number of youngpeople including the following were trained on different areas:

- ✓ Young people from Mdantsane N.U. 3 were trained by MERSETA and Border Training Center on Motor Mechanicand Welding.
- ✓ Young people from ward 7 were trained by Buyisa – E- bag on recycling.
- ✓ Community member from ward 33 attended entrepreneurial skills workshop offered by Kakgiso Trust and MBSA.
- ✓ Care givers from King Williams Town were trained by Sakhisizwe and the Department of Social Development.

2.9.9 Registration of Non Profit Organizations and Co- operatives

Young people are assisted with the registration of their non- profit organizations e.g. Ikakha lesizwe Support Center and Women's co- operative.

2.9.10 Access to Funding

The following individuals and organization were assisted and guided by Youth Advisors to identify funding sources and access funding.

Organization	Source of Funding	Project Name	Funding
Berlin Football association	Mr. Kumbanca and Soccer Legend Jomo Sono	Soccer Tournament	R 10 000
Weza Cane Waving	National Arts Council	Cane Waving	R20 000
		Catering	Container
Women's co- op Youth Co-op Youth c- op Person's with Disability co- op	Department of Economic Development Tourism co –operative unit	Brick Making Grass Cutting Sewing Brail	Mentorship programme

2.9.11 Referrals

As part of health and well-being youth advisory stream, psycho support services are also rendered to young people in a form of referrals.

2.9.12 Days of Importance

2.9.12.1 Days of Activism – Against Women and Child Abuse

Under the theme Don't look back fight against crime BCMM in partnership with Gender Commission conducted awareness campaigns on Gender based violence, Human trafficking and HIV and AIDS at Reeston and Nxarhuni.

2.9.12.2 World AIDS Day

In co-ordinating BCMM HIV and AIDS related activities BCMM SPU Unit, in partnership with BCMM Health Support and Wellness Centre hosted a World AIDS Day event for BCMM employees and communities and the event was in two phases.

Improvising on the normal annual traditional World AIDS day events, the first phase of hosted event was intended to benefit and make a difference in BCMM community as such Heaven Wellness centres benefited in this event. A number of items for the smooth running of the center were

presented to the center by the Community Services Portfolio Holder Councillor; T Zantsi on behalf of BCMM Executive Mayor. The second phase was the normal event which was intended to raise HIV and AID awareness for BCMM employees.

2.9.12.3 Candle Light Memorial

Figure, BCMM Candle light memorial

Under the theme *Promoting Health and Dignity Together*, Buffalo City Metropolitan Municipality Special Programmes Unit in conjunction with Buffalo City Employee Wellness centre hosted a candle light memorial event in June 2012 at East London City Hall. The purpose of the event was twofold that is the Candle Light memorial and the launch of the Buffalo City Metropolitan AIDS Council. BCMM Local AIDS Council was formally given the name status of a Metro AIDS Council.Members of the Metro AIDS Council led by the Deputy Mayor and the City Manager signed a pledge as a symbol of their commitment and dedication on the fight against AIDS. Lastly the Deputy Mayor led the candle light

2.9.13 Mayoral Project

The following Mayoral projects are facilitated and co- ordinate within Special Programmes Unit with the technical guidance of Mayors office.

The annual Mayoral Older Persons Christmas lunches were hosted in EL at Amalinda Old age home and KWT at Dimbaza and visits to hospitalized children were undertaken to spread some goodwill and cheer to those less fortunate over the festive season

2.10 INTERNATIONAL PARTNERSHIPS

BCMM has formed partnerships with a number of international organisations which includes among others Youth Brigade, School twinning programmes and Isibindi/ Safe Park Project.

2.10.1 Isibindi Safe Park Project

BCMM had recently signed a Memorandum of understanding with the Dutch Foundation Stitching Stendbend and East London high transmission area for the realisation of the Isibindi/ Safe Park project. The projects seek to improve the lives of Orphans and Vulnerable Children fr.om Duncan Village.

2.11 OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS

2.11.1 Highlights On Organizational Support Achievements

STATISTICS FOR JULY 2010 TO JUNE 2011

The Organisation Support Department forms an integrated part of the Corporate Services Directorate and plays a vital role in fulfillments of the IDP principles taking into consideration its priority issues, objectives and strategies.

Organizational Support department consist of three divisions which are as follows:-

- ✓ Auxiliary and Records Management unit which provide office administration and Records Management;
- ✓ Administrative and Council Support unit which provide secretarial duties to Council and Committees; and
- ✓ ICT unit, this unit is responsible for providing information management and technology support services to the entire Buffalo City Metropolitan Municipality.

The following items are regarded as highlights or achievements of this department during the period July 2010 to June 2011.

2.12 STANDING COMMITTEES AND COUNCIL MEETINGS

The Buffalo City Council consists of 89 Councillors with Executive Mayor at the helm of the Executive Mayoral Committee and Council Speaker who is the Chairperson of the Council. It should be noted that Council amongst other things is responsible for policy making and approval of by-laws for Buffalo City Metropolitan Municipality. The Council appointed members from its ranks to serve as Committees and to operate in terms of the delegated powers vested on them by the Council. They are accountable to the Council and the Council is accountable to the electorate and the public in general.

The Municipal Structures Act and Municipal Systems Act emphasizes that Council must encourage and develop mechanism for community participation in the affairs of the Municipality to ensure that the general welfare of all communities is catered for. Buffalo City Metropolitan Municipality created various platforms for community participation.

The following are some of the forms:-

- ✓ Ordinary open Council meetings,
- ✓ Standing Committee meetings;
- ✓ Ward Committee Meetings are open to the public to come and view Council deliberations.

Public maybe permitted through the office of the Speaker to make presentations provided that a motion for such presentation was submitted on the stipulated time frames. Council through the establishment of Ward Committees consisting of various interest bodies and chaired by a Ward Councillor allows for public participation and their needs are channeled through to Council by the Ward Councillors and affected Directors by means of written reports and minutes of meetings.

In order for Councillors to familiarize themselves with the operations of the Municipality, the Committees led by Portfolio Councillors work closer with the City Manager, Directors. The following are statistic and achievements of Committees and Council meetings held during the period July 2009 to June 2010, it being noted that these statistic include July 2010 to October 2010.

Table 36 STATISTICS ON COUNCIL AND MAYORAL AND STANDING COMMITTEE MEETINGS: July 2010 to June 2011

Name of Committees	Ordinary Meetings 2009/10	Special Meetings 2009/10	Ordinary Meetings 2010/11	Special Meetings 2010/11
Council	12	8	13	10
Mayoral Committee	18	6	14	3
Constituency, Community Participation and Special Programmes Strategic Committee	7		7	
Community Services Standing Committee	6		5	
Corporate Services Standing Committee	9		5	
Development Planning Standing Committee	10		6	
Engineering Services and Infrastructure Development Standing Committee	5		5	
Finance Standing Committee	11		9	
Health and Public Safety Standing Committee	9		6	
Housing, MURP and DVRI Standing Committee	8		3	

IDP, Budget Policy and Performance Management Strategic Committee	6		8	
LED, Tourism and Rural Development Strategic Committee	6		6	
Sub-committees such as Audit Committee, Employment Equity and Training, Political Multi-party, Restructuring Grant etc.	41		62	
TOTAL NUMBER	148	14	149	13

Table 37 TERMS OF REFERENCE FOR STANDING / STRATEGIC COMMITTEES

Corporate Services

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee.	7 (50% of the members, including the chairperson)

Terms of Reference

- ✓ To consider and to make recommendations to the Council on the measures necessary in respect of the recruitment, selection and remuneration of all employees with particular reference to the application of Council policies in relation to affirmative action;
- ✓ to consider industrial relations matters;
- ✓ to consider the conduct of negotiations in respect of salary increases and fringe benefits; to supervise measures generally in respect of the avoidance of strike and other conflict actions;
- ✓ to investigate questions relating to job evaluations and the submission thereof to the Bargaining Council;
- ✓ to consider measures relating to Bargaining Council, CCMA and Labour Court hearings;
- ✓ to consider manpower planning;
- ✓ to consider measures relative to personnel administration, salaries and payrolls;
- ✓ to consider and make recommendations relating to financial aspects on matters relating to staff policy, including general conditions of service and the recruitment, utilization and development of staff;
- ✓ to advise the Council on policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments;
- ✓ To consider measures relative to the Workmens' Compensation claims;

- ✓ to consider measures to ensure safe working conditions in terms of the Occupational Health and Safety Act;
- ✓ to consider measures for the provision of the Occupational Health services;
- ✓ to consider measures for the provision of safety training;
- ✓ to consider measures for the provision of services for investigations relating to accidents;
- ✓ To consider and recommend such measures as may be necessary from time to time relative to the provision of Work study facilities to improve productivity in the municipal workforce;
- ✓ To consider such measures as may be taken in respect of the training and staff development of municipal personnel of various levels together with the provision of such services as may be desirable to other local authorities or regional authorities in respect of training;
- ✓ To consider and recommend matters pertaining to Employment equity and Skills development;
- ✓ To recommend policy guide-lines and strategy for the Institutional Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City;
- ✓ To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director;
- ✓ To formulate and recommend proposals on priorities and policy objectives over the whole range of the Council's activities and make recommendations to the Council with particular reference to Administrative, Management Information, Tele-communication systems and procedures;
- ✓ To review and comment on the effectiveness and appropriacy of the Council's policies in relation to Administrative matters, Management Information Systems and Tele-communications Systems;
- ✓ To inform the Council on legal matters, appropriate legislation and its promulgation as well as provide advice on matters such as rules of order, standing orders and the terms of reference of Committees; and
- ✓ To ensure that effective Committee support services are rendered to the Council, the Mayoral and all Operational and Strategic Standing Committees.

Table 38 Development Planning Standing Committee

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee.	7 (50% of the members, including the chairperson)

Terms of Reference

- ✓ To make recommendations to the Mayoral Committee and Council on transportation, town and regional planning, architectural, land survey and land administration matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic land and property use;
- ✓ To recommend policy guide-lines and strategy for the Spatial Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City;
- ✓ To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director;
- ✓ To advise the Council on the overall management, allocation, alienation and control of land, resources and buildings owned by the Council; and
- ✓ To advise the Council on policy and procedures in regard to Transport Planning, Transport Operations and Traffic Engineering;

Table 39 ENGINEERING SERVICES AND INFRASTRUCTURE DEVELOPMENT STANDING COMMITTEE

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee.	7 (50% of the members, including the chairperson)

Terms of Reference

- ✓ To consider and to make recommendations on all matters affecting the civil engineering and electrical infrastructure, associated designs and mechanical and scientific services with particular reference to roads construction and maintenance,

stormwater drainage, wastewater and water services, electrification and distribution thereof, mechanical and scientific services;

- ✓ To consider all matters affecting the built environment with the exception of town planning building control and metropolitan transportation matters falling under the jurisdiction of the Development Planning Standing Committee;
- ✓ To consider nuisances relating in particular to the safety of persons in or about public streets and places but with the exception of those matters under the jurisdiction of the Social Services Standing Committee;
- ✓ To consider and make recommendations on fleet management and mechanical undertaking and other matters falling within the Committee's terms of reference and all matters incidental to the above;
- ✓ To recommend policy guide-lines and strategy for the Infrastructure Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City; and
- ✓ To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director.

Table 40 FINANCE STANDING COMMITTEE

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee.	7 (50% of the members, including the Chairperson

Terms of Reference

- ✓ To formulate recommendations to the Executive Mayor (Mayoral Committee) on financial matters. As an Operational Committee the scope of these financial matters would include considerations of the financial position of Council in terms of the budget from an accrual as well as a cash flow perspective;

- ✓ To make recommendations to the Mayoral Committee and Council on appropriate actions to be taken to achieve Budgetary objectives;

- ✓ To report monthly to the Mayoral Committee and Council on the financial position of the Municipality; and
- ✓ To make recommendations to the Mayoral Committee and Council.

Financial matters within the ambit of this Committee include:

- ✓ Asset and Risk Management;
- ✓ Revenue Management and Treasury Management;
- ✓ Credit Control;
- ✓ Income and Expenditure on Revenue and Capital Accounts;
- ✓ Writing off of Arrears;
- ✓ Adjustments and Virements;
- ✓ Claims by and to Council;
- ✓ Dog Tax;
- ✓ Fund Transfers and Investments;
- ✓ Raising and Repayment of Loans;
- ✓ Refunds and Compensation;
- ✓ Remuneration Staff and Councillors;
- ✓ The Municipal Market;
- ✓ Trade and Road Traffic Licences;
- ✓ Assessment of Rates;
- ✓ Valuation of Properties and Maintenance of Valuation Roll; and
- ✓ Financial Matters pertaining to Housing.

THE FINANCE BUDGET COMMITTEE

The Finance Budget Committee will fulfil the following Operational functions. It must be emphasized that the interface with the IDP, Budget Strategy and Performance Management Committee is central to the achievement of delivery objectives and must be closely monitored.

FUNCTIONS OF THE FINANCE BUDGET COMMITTEE

- ✓ Budget Implementation
- ✓ Monitoring and Budget Progress
- ✓ Control Measures of Budget Implementation
- ✓ In-year Financial Reporting

INTERACTION WITH OTHER COMMITTEES OF COUNCIL
AUDIT COMMITTEE

To receive reports from the Audit Committee and formulate recommendations to the Mayoral Committee and Council of action to be taken on the basis of the report.

IDP, BUDGET POLICY AND PERFORMANCE MANAGEMENT COMMITTEE

- ✓ To provide the IDP, Budget Policy and Performance Management Committee with information regarding tariff performance and revenue performance with the purpose of establishing the quantum of the Budget;
- ✓ Budget Issues being dealt with by the IDP, Budget Strategy and Performance Management Committee regarding the Budget;
- ✓ Budget and IDP alignment;
- ✓ Budget Policy formulation;
- ✓ Service levels;
- ✓ Rural / urban issues;
- ✓ Roll-out of services plan;
- ✓ Capital projects for delivery; and
- ✓ To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director.

Table 41 COMMUNITY SERVICES STANDING COMMITTEE

Membership	Quorum
14 members, representatives as proposed by all parties represented on the Council, provided a member does not serve on more than 1 operational standing committee	7 (50% of the members, including the chairperson)

- ✓ To consider and make recommendations to the Mayoral Committee and Council in respect of all environmental services matters as provided for in any relevant legislation; to consider all matters relating to the natural environment, horticulture, parks and recreation and related amenities under the control of the Director of Community Services; to consider and make recommendations on matters relating to the regulation and control of sanitary and cleansing matters, cemeteries and health.

- ✓ To consider and make recommendations to the Council in respect of all matters related to libraries, art galleries and matters relating to music, to consider and make recommendations on matters relating to entertainment and other cultural activities; the regulation and control of sporting facilities and activities.

- ✓ To recommend policy guide-lines and strategy for the Social Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and

officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City.

- ✓ To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director.

Table 42 IDP, BUDGET POLICY, PERFORMANCE MANAGEMENT AND INTEGRATED ENVIRONMENTAL MANAGEMENT

Membership	Quorum
7 representatives as resolved by Council.	4 (50% of the members, including the chairperson). Councillors who are not members of the standing committee are not counted towards a quorum.

- ✓ To oversee on behalf of the Executive Mayor the process of integrated development planning (strategic planning) in Buffalo City, including annual reviews of the IDP, and to make recommendations to the Executive Mayor in this regard in terms of chapter 5 of the Municipal Systems Act and section 56 of the Municipal Structures Act;

- ✓ To assist the Executive Mayor to ensure that municipal strategic planning is aligned with constitutional values and oriented towards the progressive achievement of equity in Buffalo City in terms of section 23 of the Municipal Systems Act;

- ✓ To make recommendations to the Executive Mayor that aim to ensure that the resources and capacity of the municipality are mobilized to achieve the strategic developmental priorities and objectives as reflected in the IDP;

- ✓ To make recommendations to the Executive Mayor on all aspects of the performance management systems in terms of chapter 6 of the Municipal Systems Act;

- ✓ To make recommendations to the Executive Mayor aimed at ensuring an acceptable level and quality of public participation in municipal strategic planning, budgeting and institutional performance management in terms of section 16 of the Municipal Systems Act;

- ✓ To make recommendations to the Executive Mayor aimed at ensuring that the municipality gives effect to, and conducts its affairs in a manner which is consistent with its IDP (section 36, Municipal Systems Act);

- ✓ To assist the Executive Mayor in promoting the sustainable utilisation, development and protection of Buffalo City's natural, social, cultural and economic resources throughout all sectors of the municipal community [section 4(2)(d) of the Municipal Systems Act];

- ✓ To oversee on behalf of the Executive Mayor the process of preparing and implementing integrated environmental management policies and plans for Buffalo City, including regular reviews, and to make recommendations to the Executive Mayor in this regard;

- ✓ To make recommendations to the Executive Mayor on modes of service delivery that are equitable, affordable and sustainable;

- ✓ To make recommendations to the Executive Mayor on budget policies and processes; and
- ✓ To make recommendations to the Executive Mayor that aim to ensure that the budget is in line with the IDP.

Table43 CONSTITUENCY, COMMUNITY PARTICIPATION AND SPECIAL PROGRAMMESSTANDING COMMITTEE

Membership	Quorum
7 representatives as resolved by Council	4 (50% of the members, including the chairperson). Councillors who are not members of the standing committee are not counted towards a quorum.

Terms of Reference

To make recommendations to the Executive Mayor pertaining to the formulation of policies, strategies and programmes aimed at increasing equity for vulnerable, marginalized or special interest groups, with specific focus on:

- ✓ Young people;
- ✓ The aged;

- ✓ The disabled;
- ✓ Gender-related issues (including women and children); and
- ✓ Special projects.
- ✓ To oversee on behalf of the Executive Mayor the implementation of such strategies and programmes
- ✓ To make recommendations to the Executive Mayor on corporate strategies and programmes and the development of partnerships to address the challenge of HIV/AIDS in Buffalo City;

- ✓ To provide guidelines and policies in relation to community participation and Ward Committees;

- ✓ To ensure that effective support services are rendered to the offices of the Executive Mayor, the Speaker, the Mayoral Committee members and all other Councillors;

- ✓ To recommend policy guide-lines and strategy for the relevant Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City;

- ✓ To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Directors;

- ✓ To make recommendations to the Executive Mayor aimed at empowering the Buffalo City public, communities and organizations through participation, environmental education, capacity building, research and information services; and

- ✓ To formulate and recommend proposals to the Executive Mayor aimed at ensuring an acceptable level and quality of public participation in matters related to the sustainability of development strategies, programmes and projects.

Table 44 LOCAL ECONOMIC DEVELOPMENT, TOURISM AND RURAL DEVELOPMENT COMMITTEE

Membership	Quorum
7 representatives as resolved by Council.	4 (50% of the members, including the Chairperson).

Terms of Reference

- ✓ To assist the Executive Mayor in ensuring that the economic development including rural development of the whole community of Buffalo City is promoted (sections 152 & 153 of the Constitution);
- ✓ To make recommendations to the Executive Mayor aimed at ensuring that local economic development, including rural development is sustainable and contributes to job creation and a better quality of life for all;
- ✓ To assist the Executive Mayor to formulate appropriate and feasible local economic and rural development aims, priorities and objectives in terms of section 26(c) of the Municipal Systems Act;
- ✓ To make recommendations to the Executive Mayor relating to Council's policy on the procurement of goods and services;
- ✓ To make recommendations to the Executive Mayor on strategies to:
    - o Facilitate job creation
    - o Stimulate local markets
    - o Promote the development of small, medium and micro-enterprises
    - o Market the municipality holistically
    - o Promote tourism
    - o Promote industrial and commercial activities
    - o Attract foreign or domestic capital investments
    - o Increase the mobility of people, goods and services in Buffalo City.
    - o Promote and facilitate rural development.

- ✓ To consider any matter referred to it by the Executive Mayor, the Municipal Manager or relevant Director that has a bearing on the economic development of Buffalo City; and
- ✓ To recommend policy guide-lines and strategy for the Economic Cluster in respect of services, programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City.

Table 45 HOUSING, MURP and DVRI STANDING COMMITTEE

Membership	Quorum
14 representatives as resolved by Council	7 (50% of the members, including the chairperson

Terms of Reference

- ✓ To make recommendations to the Mayoral Committee and Council on housing matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic use of housing resources;

- ✓ To recommend policy guide-lines and strategy in respect of housing services, MURP and DVRI programmes and plans, to provide the broad framework for Councillors and officials concerned with the preparation of a single, inclusive and strategic Integrated Development Plan for Buffalo City;

- ✓ To consider any particular item or any matter of policy referred to it by the Executive Mayor, Mayoral Committee, the Municipal Manager or relevant Director;

- ✓ To advise the Council on the overall management, allocation, alienation and control of housing owned by the Council; and

- ✓ To advise the Council on policy and procedures in regard to housing issues, MURP and DVRI.

DEVELOPED POLICIES AND PROCEDURES:

During the financial 2010/11 the following policies and procedures were developed to guide the operations of the Organisational Support.

- ✓ Review Records /Archives Management Policy and procedures;
- ✓ Review section 14 Manual (PAIA);
- ✓ Review File Plan;
- ✓ Review Grant-in –aid policy;
- ✓ Review Standing Rules and Orders at Council Meetings By-law;
- ✓ Developed draft policy on Closure of Council and Committee meetings and marking of confidential items;
- ✓ Language policy;
- ✓ Reviewed 3G Card policy; and
- ✓ 16 ICT Management and Security Policies.

CHAPTER 3: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

3.1 OVERVIEW

This chapter focuses on the extent to which the municipality has progressed in delivery of basic services to the citizenry of the municipality as was planned in the integrated development plan. The chapter reviews performance of the period under review and highlights the challenges which confronted the municipality in discharging its constitutional obligations. The Directorates of Engineering Services, Community Services, Health and Public Safety, Office of the Chief Operating Officer and part of Development Planning responsible for service delivery within the Municipality have provided input in the chapters following in this report. In these chapters these Directorates further elaborate on the remedial actions to be undertaken with regard to those areas where the municipality has not met its target.

3.2 WATER SERVICES

BCMM is both the Water Services Authority (WSA) for its entire area of jurisdiction and the Water Services Provider (WSP) for a large percentage of the area. The Amatola Water Board is an external WSP contracted to the provision on bulk portable water to BCMM in order to augment the demand by consumers. BCMM has an established WSA in place, which has the ability and resources to undertake the WSA functions in its current format. However, it has been identified that the current form of the WSA is inadequate to successfully undertake all its functions, and needs to be restructured and appropriately resourced.

The Department of Water Affairs (DWA) has shown interest and is giving support to WSA and WSP functions in municipalities. Representatives from DWA have visited the BCMM Water Services Department with the view to guiding and assisting this process going forward. The Department is busy rationalizing its structures in terms of this. Pertinent factors to take into account are the compliances with Blue and Green Drop Certification, DWA initiatives to reduce the number of Water Boards across the country, and the probability of Regional Water Authorities.

Water Services Provider

BCMM is the retail WSP for its entire area of jurisdiction and the bulk WSP for three of the six surface water supply areas servicing BCMM and all the groundwater sources. Amatola Water is an external bulk WSP contracted to BCMM to provide bulk portable water to the remaining three surface water supply areas, delivering 40% of the total volumes of potable water consumed within BCMM. In addition Amatola Water also delivers raw water in bulk to both the BCMM (supply to the KWT water treatment plant) and Da Gama Textiles in the KWT area. A service level agreement exists between BCMM and Amatola Water in terms of the provision of bulk potable water by the latter to BCMM. This SLA has been reviewed since BCMM became a Metro.

Key areas requiring attention include the following:

- ✓ Ability/mechanisms to ensure compliance with the by -laws;
- ✓ Development and implementation of a WC/WDM strategy;
- ✓ Development of a mechanism to manage and monitor the implementation of the WSDP; and
- ✓ Establishment of WSA staff capacity and systems.

BCMM has recently completed the preparation of a WSA capacity building business plan, based on which funding will be made available to address the identified capacity building requirements.

Levels and standards in water services:

Rural:

The level of service for households outside of the Urban Edge is the basic level of service (i.e. communal standpipes to RDP standards).

Urban:

The level of service for households within the Urban Edge is as follows:

- ✓ Target level: erf connection and water borne sanitation; and
- ✓ Minimum level: yard connection

Table 14 Annual Performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	225249	5869	1174	1628	139%
2	Percentage of indigent households with access to free basic potable water	45727	5869	1174	1628	139%
3	Percentage of	106	0	0	0	100%

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
	clinics with access to potable water					

Major challenges in water services and remedial actions

BCMM is currently serviced by 4 regional surface water supply schemes located primarily within BCMM, 2 No. surface regional water supply schemes located primarily outside of BCMM but feeding portions of BCMM, 1 No. regional groundwater scheme and a number of smaller local groundwater schemes.

- ✓ The main schemes, which service around 81% of the BCMM population reside within the KWT/East London corridor, are as follows:
  - ➢ Upper Buffalo RWSS – KWT, Breidbach& surrounds
  - ➢ Middle Buffalo RWSS – KWT, Bhisho, Zwelitsha, Ndevana, Phakamisa, Berlin & Mdantsane; and
  - ➢ Lower Buffalo RWSS – Mdantsane & the greater East London;

Challenges

- ✓ The Sandile and the Peddie RWSS's service around 14% of the BCMM population, which reside in the Dimbaza and Chalumna areas respectively;
- ✓ The Ncera RWSS services several rural villages and Kaysers Beach, to the west of East London;
- ✓ The groundwater schemes service rural villages to the north of KWT and many of the resorts on the coast to the west of East London;
- ✓ The Upper Buffalo RWSS is stressed from a water resource perspective, with supplies to the KWT area already being augmented from the Middle Buffalo RWSS. Infrastructure capacity constraints however restrict the extent of augmentation possible.
- ✓ The Middle Buffalo RWSS has surplus yield, but the WTP is operating near capacity, the same applies for the Sandile RWSS;

- ✓ The Lower Buffalo RWSS is stressed from a water resource perspective and water treatment is nearing capacity for the scheme as a whole. The yield of this scheme can however be augmented with supplies from the Wriggleswade Dam;
- ✓ Apart from the resource and treatment constraints, the following are seen as key infrastructure constraints:

    - ➢ The conveyance capacity of the Buffalo River pumping system;
    - ➢ Inadequate storage in the East London and KWT areas;
    - ➢ The conveyance capacity from the Laing dam WTP to the Beacon Hill Reservoir;
    - ➢ Conveyance capacity to the West Bank high level zone;
    - ➢ The absence of a dedicated bulk supply system for large parts of East London and also in the Breidbach area;
    - ➢ The zoning in East London, KWT, West Bank &Gonubie;
    - ➢ High water loses in the Duncan Village/Gompo and KWT areas; and
    - ➢ Lack of accurate as-built record for infrastructure in the Dimbaza and Zweltisha areas.

Remedial

BCMM is in the process of undertaking a feasibility study followed by implementation of a Water Treatment Works and Bulk conveyance at Kei Road to resolve the challenges related to the bulk water constraints at Bhisho, King William's Town and possibly Berlin areas of supply. The raw water will be provided directly from the Wriggleswade Dam via canal/pipeline.

The Umzoniana WTW is being fully refurbished and upgraded in order to achieve optimum supply to Ncera, Needscamp, Mdantsane and the greater East London area.

A Bulk Pipeline from the Nahoon WTW is being considered to supply water to Beacon Bay, Gonubie and the Eastern coastline villages as far as Komanishi.

3.3 ELECTRICITY SERVICES

The purpose of the Electricity Department is to provide an effective and efficient electrical service and infrastructure in accordance with legal and statutory requirements to all Buffalo City Consumers. Both Eskom and Buffalo City supply electricity within the Buffalo City Municipal area. BCMM supplies the former King William's Town and East London areas, whilst Eskom supplies the remaining rural areas. The electricity network in Buffalo City is currently in a fair to poor condition. This is a result of budget constraints, which force the service department to cut down on the Capital upgrading and replacement of electrical network. With skilled staff shortages such as electricians, planned maintenance is hampered which also compromises the network. The consequences are increased

power outages and a poor quality of supply to electricity consumers. In addition, this poses a high risk of non – compliance to the license issued by the National Electricity Regulator (NER) and to non – compliance of occupational health and safety regulations.

The electricity network in Buffalo City is currently in a poor condition. This was a result of budget constraints, which force the Electricity Department to cut down on the Capital upgrading and replacement of electrical network. Skilled staff shortages such as electricians planned maintenance is hampered which also compromises the network. The consequences are frequent power outages and a poor quality of supply to electricity consumers. In addition, the electricity department is at high risk of non – compliance to the license issued by the National Electricity Regulator (NER) and to non – compliance of occupational health and safety regulations.

The electricity department has a backlog of R680 Million in Capital replacement refurbishment. The following sources of funding are targeted to meet the annual allocations required for the backlog:

- ✓ Depart of Energy (Specific to DoE approved projects)
- ✓ BCMM internal allocation
- ✓ Development levies

Without a significant capital reinvestment plan and the funding to implement the plan Buffalo City could experience a number of electrical failures which would have an impact on city growth and income as electricity sale account for the largest portion of Buffalo City's yearly income.

The BCMM electricity department purchases bulk Electricity from Eskom via 15 intake points of distribution in the BCMM supply area. This is re-distributed to all consumers within the urban edge as follows:

Table 15 Electricity distribution to Consumers

Type of Consumer	Metering Method	Number
Domestic including Indigent	Pre-paid	105828
Domestic	Conventional	8975
Small Power	Conventional	3841
Small Power	Pre-paid	2449
Large Power (LV)	Conventional	963
Large Power (MV)	Conventional	74
Time of Use	Conventional	4

These services extend to include all consumers within the defined urban edge, but do not take account of rural areas outside the urban edge which resides within the jurisdiction of Eskom. The profile of ESKOM consumers within BCMM is as detailed below:

Table 16 Profile of Eskom Consumers

Type of Consumer	Connections Size_	Number
Domestic Low income	10	769
Domestic Low income	2.5	11886
Domestic Low income	20	20037
Domestic	60	2186
Total		34878

During the 2011/12 financial year the following has been achieved.

- The Queens-park Zoo Sub-station Project which is funded by the DoE to allow for additional capacity for low income electrification is proceeded well. The DoE allocated R9 002 400 for the continuation of this project in the 2011/12 financial year.

- In terms of electrification of RDP housing, the Electricity Department in conjunction with the Department of Energy (DoE) provide electricity to formal houses. Annually, Buffalo City's Electricity Department is invited to request funding from the DoE's Integrated National Electrification Program (INEP). Every project that is proposed to the DoE is visited by the DoE to ensure that it meets the criteria set by the DoE and if approved, funding is made available. The funding that is provided by the DoE is only partial funding, as the Municipality is required to provide counter funding. Therefore the number of houses that can be connected is dependent on the funding from DoE, the counter funding provided by Buffalo City Metropolitan Municipality and the number of housing projects that are completed. The following projects were implemented during this period:
    - Reeston – 200 project completed
    - Cambridge Phase 3 – 125 units project completed
    - Kwa cliffu and surround areas – 359 project still in progress
    - Potsdam Unit P -900 project still in progress

  The BCMM provided a 40 amp RDP service connection which was higher than the normal 20 amps RDP service connection. Access to this supply for low income consumers was through the INEP funding, BCMM counter funding and an approved subsidized connection fee. The council had approved that indigent consumers be provided with a service connection free of any charges.

3.3.1 Network Enhancement:

The Electricity Department received R7.9 million in the 2011/2012 financial year adjustment budget for capital projects: The funding was used to order equipment required for projects to be implemented in the 2012/13 financial year.

Equipment ordered for Capital Projects:

- ✓ Nahoon Switch House 19 Panel Board
- ✓ Summerpride Switch House 5 Panel board
- ✓ Replacement RMU's to be installed in KWT

- Network Reinforcements and upgrades were completed.

- New Commercial and Industrial Connections Were Successfully Completed.

3.3.2 DSM Street Lighting

The implementation of Electricity Demand Side Management street lighting project funded through the DoE funded in the amount of R4M. This constitutes 2251 new energy saving installations. The new light installed save an estimated 124KW.

MAJOR CHALLENGES IN ELECTRICITY SERVICES AND REMEDIAL ACTIONS

As indicated above the Electricity Department had estimated a backlog of refurbishment, capital replacement and capital investment of R680 million. The budget provided to the electricity department is less than 3% of the required budget in terms of the backlog, this of course is not adequate to reduce the backlog, for the network to remain stable into the future, and a substantial investment into the network needs to be provided. The master plan provides a tool which should be used to identify the areas requiring immediate action.

The Electricity Department has a shortage of skilled labour such as engineers, technicians and electricians, at present the department has a shortage of 10 to 15 Electricians for the areas maintained within the Electricity supply area. These positions have been advertised on numerous occasions over the last few years and as can be confirmed by HR the number of vacancies still exists. Government as a whole has acknowledged the shortage of skilled personnel in various sectors of the Engineering field. Numerous Municipalities throughout the country have implemented the skills shortage allowance to retain existing staff and to gain additional staff to fill their vacancies. At the present moment you find electrical staff with municipal experience moving to the larger municipalities because of the incentive schemes offered BCMM would need to implement the skills shortage allowance as soon as possible to retain the experienced staff they have and to attract skilled staff to fill the vacancies.

The NERSA License which the Electricity Department operates under requires BCMM to meet certain conditions and to implement a number of monitoring systems, with the existing staff this is not possible, and the Department requires additional staff to meet all the necessary requirements. With the shortage of staff in the department the implementation and updating of the asset register is a major burden and additional staff and computer programming is required to ensure full compliance.

Illegal electricity connections have escalated at a dramatic rate during the past financial year and there is an urgent need to electrify these informal houses.

One of the strategized solutions is the formulation of a new electricity fines system. This approach has already been approved by Council and will mean that in the near future, electricity fines will be issued to illegal electricity users in much the same manner as a traffic speeding fine is currently issued. The role out process is almost complete and it is envisaged that this approach will assist the department is limiting the number of illegal connections, until such time as the long term solution of electrification has been completed.

Table 17 Annual Performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	97% of all formalized dwellings have access to electricity	2000	1500	1325	88.33 %
2	Percentage of indigent households with access to basic electricity services	45% Based on all HH (including informal HH)	75 000 Based on all HH (including informal HH)	1500	1325	17.67 %

	Indicator name	Total number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/custom er reached during the FY	Percentage of achievement during the year
3	Percentage of indigent households with access to free alternative energy sources	NIL	At this time the electricity department does not have any alternative energy source that can be provided to house hold without electricity.	N/A	N/A	N/A

3.4 SANITATION

Buffalo City Metropolitan Municipality is a designated Water Services Authority. BCMM is also the main Water Service Provider (WSP) within its area of jurisdiction, undertaking all retail functions throughout BCMM and the bulk functions for wastewater.

The provision of sanitation services is currently being undertaken as follows:

Provision of Basic Services

- ✓ *Inside Urban Edge:* Informal settlements
  - Essential sanitation services are provided by BCMM to existing informal settlements in the form of chemical toilets (planned to be replaced with waterborne sanitation which commenced in 2009/10);
  - The Sanitation Department provided 26 movable ablution blocks in Duncan Village. The programme is being implemented throughout BCMM. An addition 15 has been procured and will be commissioned in Duncan Village and Fynbos. Single units connected to waterborne sanitation have also been provided to the following informal settlements:
    - ✓ Mzamomhle, Nompumelelo and Duncan Village
    - ✓ Mdantsane informal areas have also benefitted from the programme

- The provision of internal services to new RDP and social housing is undertaken through the Housing Unit as part of the Human Settlement programme. The Engineering Department is however responsible for the provision of the bulk services to support these developments;

"Rural" settlements (no formal planning):

- Sanitation unit is rolling out VIPs and urine diversion toilets to meet the national target of providing basic sanitation services to all by 2014,

✓ *Outside Urban Edge:*

- No essential services are provided;
- The provision of basic services is undertaken by the Engineering Department; and
- The Sanitation Department is in the process of investigating various options with regards to the servicing of Ducats. The current installations were maintained and training was provided to the community on the use thereof.

Level and standards in sanitation services

Level of Service:

Rural:

It is anticipated that the level of service for households outside of the Urban Edge will remain at current standards; namely communal standpipes and VIPs (or equivalent). Alternative sanitation technology options are however being investigated to optimise the operation and maintenance implications for BCMM.

Urban:

The level of service for households within the Urban Edge will remain as per the current Policy, namely:

✓ Target level: erf connection and water borne sanitation; and
✓ Minimum level: yard connection and VIP (or equivalent).

Although the above is the level of service policy of BCMM, the target level of service is tending to be the default option provided.

Low Income Housing:

The objective of BCMM is to move all residents residing in informal settlements into formal housing. This will result in those currently receiving a sub-RDP level of service, receiving a RDP or higher level of service. Although the actual numbers and delivery rates of low income housing are uncertain, it is

anticipated that there may be a significant increase in low income housing units in the short to medium term, with higher levels of service being provided.

Middle & High Income Housing:

Although the actual numbers and delivery timeframes for the middle to high income housing are uncertain at this stage, it is anticipated that delivery could be significant in the short to medium term, with full levels of service being provided. Delivery in certain areas could however be inhibited by bulk infrastructure constraints or financial constraints to provide the requisite infrastructure. The estimated funding shortfall to provide bulk infrastructure in the short to medium term for housing developments is R 365 Million.

Table 18 Annual Performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	192 161	49751	5500	3772	69%
2	Percentage of indigent households with access to free basic sanitation services	6 6121	49751	5500	3772	69%
4	Percentage of clinics with access to sanitation services	28	0	28	28	100%
5	Percentage of schools with access to sanitation services	312	0	0	312	100%

3.4.1 Major Challenges in Sanitation Services And Remedial Actions

✓ Challenges

Access to waterborne sanitation, with either off or on-site disposal, is limited to the formal and certain larger peri-urban settlements within the urban edge of BCMM. These settlements are serviced by 9 wastewater treatment works, 6 oxidation ponds and 1 sea outfall, each with their own catchment area. The condition of the sewerage infrastructure throughout BCMM is generally one of inadequate capacity, old infrastructure, resulting in periodic spillages into the river systems. Due to the topography of the region, there are a large number of sewer pump stations and pipe bridges within the respective drainage regions, which place additional operational and maintenance implications on the service branch. Upgrading the capacity of certain waste water treatment works in support of housing developments e.g. Gonubie, Reeston, Central and King Williams Town and surrounds; and Refurbishing and/or augmentation of key interceptors, rising mains and pump stations is required. The estimated Remaining Useful Life (RUL) of the Sanitation assets is 13.5 years. The Sanitation assets are valued at an estimated R1.1 Billion.

✓ Remedial Action

The Zwelitsha WWTW is being upgraded to regional status with the production of special standard effluent. The Bhisho and Breidbach oxidation ponds will be decommissioned and sewage conveyed to this works. The Schornville WWTW, which is over capacitated, will be decommissioned and sewage conveyed to the Zwelitsha WWTW. The final phase will be the bulk conveyance of Phakamisa sewage to the Zwelitsha Works.

The Rheeston WWTW is also being upgraded in terms of capacity and effluent standard. It will receive sewage from the Central WWTW which will be decommissioned in order to allow for additional housing delivery. Industrial effluent from Wilsonia will be conveyed to Rheeston as well.

The Quinera WWTW is receiving an upgrade in capacity as well to open up housing and commercial developments in the area of Beacon Bay and Gonubie.

3.4.3 The Sanitation Backlogs Will Be Addressed Through Two Different Programmes.

✓ *Rural households*, including those within the Urban Edge, would be addressed by the Engineering Department through a backlog eradication programme. The necessary planning and funding application in this regard has already been completed and delivery is therefore entirely dependent of funding availability. The objective was however to deliver this service within the time frames set by National Government. The current backlogs were estimated at 60 649 households funding allocations would have to be increased to meet time frames set by National Government (estimated requirement of R 100 Million per annum).

- ✓ *Informal households* within the Urban Edge will be provided with services via the housing backlog eradication programme. The rate of delivery in this regard will to a large extent be dependent on the planning of others and bulk infrastructure capacity constraints. The current objective is however to eradicate this backlog by 2014.

3.5 ROAD MAINTENANCE

Maintenance/works are carried out by the Construction and the Roads branch respectively.
In terms of the construction of minor civil engineering works the following service delivery high lights were achieved:

Construction Branch

- ✓ Re-gravelling of internal roads and stormwater maintenance to Sunrise-On-Sea.
- ✓ Re-gravelling of internal roads and stormwater maintenance to Scenery Park.
- ✓ Re-gravelling of internal roads and stormwater maintenance to Marina Glen picnic area.
- ✓ Removing sand from Kidds Beach tidal pool.
- ✓ Upgrading parking area to the Claredon Laboratory, including shade ports, gates and handrails.
- ✓ Maintenance internal roads at Dimbaza waste water treatment works.
- ✓ Removal of illegal advertising signs from the road reserves.
- ✓ Concrete Pedestrian sidewalks to Golden Highway, Mdantsane.
- ✓ Construction of gravel access road to the Tyolomnqa Wilderness Camp.
- ✓ Traffic calming using road studs, reflectors and solar powered flashers to Batting Road, inclusive of re-marking with reflective cementitious paint.
- ✓ Installation of speed humps/pedestrian tables, within the municipal area. Primarily Mdantsane and Buffalo Flats.
- ✓ Maintenance and refurbishment of speed humps/pedestrian tables, within the municipal area. Primarily in the Gompo / Buffalo Flats area.
- ✓ Installation of road duct-crossings for the Electrical Department.
- ✓ On-going assistance with sand removal along the Esplanade and at Footprints – Nahoon.
- ✓ Specific emphasis on emergency clean-ups prior to Ironman and similar events.
- ✓ Assistance to Disaster Management during June 2011 flood and subsequent clean-up of roads and beaches.

Roads & Storm water Branch

Numerous performance highlights were achieved in the maintenance, rehabilitation, upgrading of road network (both surfaced and gravel) of the Municipality. Some of these highlights include the following :
Capital projects 2011/2012

Project Name	Expenditure	Status
Regravel of Inland roads (Dimbaza, Mdingi, Madakeni, Anders Mission, Tyu Tyu Villiage)	R 3 000 000.00	Complete
Regravel of Coastal roads (Ncera Villiages, Reeston (Tembalethu and Khayelitsha), Ducats	R 2 000 000.00	Complete
Duncan Village Roads upgrade (Ruth First Road and Mphathi Crescent)	R 1 000 000.00	Complete
Stormwater drainage improvements in Duncan Village Toilet City	R 400 000.00	Complete
Replacement of a portion of stormwater culvert in West Bank	R 900 000.00	Complete
Mdantsane Roads	R19 780 000.00	On going
Rural Roads Upgrade	R3 150 322.39	On going

Operational projects 2011/2012

- ✓ The replacement of 500 railway sleepers;
- ✓ Vegetation control on rail tracks;
- ✓ Bridge Maintenance – Painting and repairs to Buffalo Bridge;
- ✓ Removal of tramlines in Oxford Street and reinstatement of 700m section
- ✓ Sidewalks repaired – Concrete 1310m^2, premix 519m^{2}slurried;
- ✓ Pothole Repairs – 2542313,2m^2
- ✓ 490 km of roads bladed and regravelled ;
- ✓ Stormwater Repairs – Pipes Jetted 55km;
- ✓ 250m Pipes repaired, 3418 Catch-pits cleared of debris and 1735 Manholes repaired;
- ✓ 10km of gravel road works were upgraded to surface standards in Duncan Village, Mzamomhle, and Polar Park
- ✓ Installation of Street Signs throughout BCMM;
- ✓ Replacement and repairs of damaged guardrails throughout BCMM.
- ✓ Implementation of the storm water management plan
- ✓ Implementation of Road Maintenance Plan that deals with complaints handling and turnaround time.

3.6 PMU/PIU

The Project Management and Implementation department implemented projects utilising Urban Settlement Development Grant (USDG), Municipal Infrastructure Grant (MIG) roll over budget for the period under review and also assisted with implementation of projects that are from external funding sources e.g. DBSA.

Table 19 PMU/PIU Committed Projects

COMMITTED PROJECTS:	EXPENDITURE 01/07/2011 TO 30/06/2012
Nord Avenue Pump Station	630 288
Quinera Wastewater Treatment Works	280 572
Wastewater Treatment Capacity (Zwelitsha)	12 405 399
Reeston Phase 3 Bulk Services Sewer	1 454 434
Bufferstrip Sanitation – Mdantsane	11 121 194
Mdantsane Sewers – Refurbishment	4 834 581
Diversion of Amalinda and Wilsonia effluent to Reeston	6 314 853
Rural Sanitation (Old: Tshatshu, Cliff, Balasi, Peelton, etc	14 569 755
West Bank Restitution	10 147 036
Bulk Water Supply to Silverdale, Boxwood, Kalkeni and Ncerha villages along Mt Coke Road.	2 257 753
Bulk water supply to Coastal Areas	7 775 733
Augmentation of Water Treatment Capacity – Umzonyana /raising upper weir	4 984 423

Table 21 Annual Performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY Estimates	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	15%	800km	1000km	1,255,8km	126%
2	Percentage of road infrastructure requiring upgrade	100%	1450km	10km	6,1km	61%

3.6.1 Major Challenges in Road Maintenance Services And Remedial Actions

The Municipality had insufficient funding for maintenance. The only available funding was for reactive maintenance which is unplanned maintenance. This led to the municipality having to always make ways and means to deal with deferred maintenance which was estimated at +/- R 500million.

Challenges:

- Inadequate funding to address backlogs;
- No sufficient Plant, dependant on Plant Hire (TLB's, Trucks, Graders) etc;
- Limited staff capacity over a growing network due to new developments mushrooming all over the urban and rural areas

- Inadequate storm-water network to cater for growing CBD areas across the city

- Inclement weather having a bad effect on road conditions and resulting in shorter life span

3.7 HOUSING AND TOWN PLANNING

In terms of the Housing Act of 1997 and also with reference to the housing accreditation framework, the Municipality undertakes to set housing delivery goals, identify and designate land for housing development, initiate, co-ordinate facilitate, promote and enable appropriate housing development. As part of the IDP take steps to ensure that the inhabitants of its area have access to adequate housing on a progressive basis and conditions not conducive to health and safety are removed. Provision of services such water, sanitation, electricity, roads, storm water drainage, transport, bulk infrastructure.

In terms of section 83 of Local Government: Municipal System Act, 2000 (Act 32 of 2000) and The Housing Act (No. 107 of 1997) a Housing Sector Plan (HSP) has been compiled and approved for the period 2008 – 2012. HSP is intended to be guiding documents that will help the municipality achieve the objective of providing sustainable housing for its residents.
The HSP is due for review in the 2013 / 2014 financial year.
As a contribution to the HSP, the City is in a process of developing an Integrated Sustainable Human Settlement Plan (ISHSP) that would define what is required to unlock housing delivery in a particular area of BCMM& what other social, infrastructural goods and services would be required to do so in a holistic and integrated way. ISHSP will be part of the IDP and would not be seen as a stand-alone Strategic Development Plan.

BCMM Housing Stats

- Estimated population over 1,000,000.
- 156 informal settlements within urban areas.
- 40,000 free standing informal dwellings in urban area.

- Housing Sector Plan records a total housing need of 121,000 units.
- 75,000 units including all levels of income and housing types.
- 46,000 units in rural areas comprising of 230 rural settlements.

The Municipality also acts as developer by undertaking the implementation of low cost housing projects.

The Municipality is currently involved in the following priority housing programmes:

- Emergency housing programme;
- Upgrading of informal settlement programme ;
- Rural housing subsidy programme;
- Project linked subsidy programme;
- Disposal of municipal housing stock (discount benefit scheme);
- Social Housing support programme; and
- Consumer education.

Table 23 – The Key Role-Players are as follows:

Key Role Players	Roles played
Housing Department within the Office of the Chief Operating Officer.	Strategic planning , housing management, coordination and implementation
Directorate of Engineering Services.	Provision of bulk infrastructure services and internal reticulation services
Directorate of Planning and Economic Development.	Spatial planning, land identification, Township Establishment and Approval of General Plans.
Directorate of Community Services.	Environmental Impact assessment
Directorate of Finance.	Capital and Operating budget management.

With regard to Housing the (SABS) standards and National Building Regulations are applied. The minimum standards as set out in the Specifications of the Norms and Standards in respect of permanent residential structures are applied.

Table 24 Level and standards in Housing and town planning services:

Density	Dwelling units per hectare	Erf sizes
High	50 + du/ha	n/a
Medium	20-50 du/ha	80 to 240 metre square
Low	5- 20 du/ha	300 to 1000 metre square

Low Income Housing.

The objective of BCMM is to accommodate all residents residing in informal settlements into formal housing through an incremental process.

This would result in those currently receiving a sub-economic RDP level of services, receiving full level of RDP or higher level of services.

However, due to the extent of the housing to be delivered and the income levels of the beneficiaries, the impact of this housing programme will be significant both in terms of land acquisition, state land transfer water/sanitation services provision (extent of infrastructure required to support such development) and the sustainability of the Municipality to maintain such services (most beneficiaries of the housing programme will more than likely not be able to afford the higher levels of service).

Therefore, there is a need to review and investigate alternative technology options, which will both have reduced impact in terms of water /sanitation service provision requirements and are acceptable to communities.

In the 2011/2012 financial year various housing projects were implemented within the City by the Municipality and the Provincial Department of Human Settlements.These projects are located within East London, Reeston, Duncan Village, Mdantsane / Potsdam, King William's Town and rural areas.

In terms of low cost housing developments undertaken by the Municipality, it was anticipated that approximately 680 low cost units (BNG Units) in various related projects within the City will be built by BCMM, at the end of the 4th Quarter however 833 low cost houses (BNG Units) have been handed over by BCMM.

BCMM as well as the PDoHS delivered low cost housing (BNG Units) in the following areas such as Ilitha South (BCMM), Tyutyu Phase 1 & 2 (BCMM), Dimbaza Wooden Houses (BCMM), Tshabo (PDoHS), Cambridge (PDoHS), Sweet Waters (PDoHS) and Potsdam Unit P (BCMM).

Currently 1670 sites are at excavation level; 1377 at roof level and 1327 sites are practically completed but not handed over as yet. This should be done in the 2012 / 2013 Financial Year.

The delays in proceeding with projects and handing over of practical completed units were mainly attributed to:

- Completion of minor technical remedial works;
- Illegal occupation of the units / sites approved to beneficiaries;
- Finalisation of Environmental Impact Assessment (EIA's);
- Delays with procurement as well as delays with the infrastructure designs;
- Appointed Consultant being liquidated;
- Unapproved beneficiaries;
- No subsidy agreement has been concluded between the PDoHS and BCMM on the top structure funding for various projects;
- Challenges of poor performance by the contractor due to labour disputes;
- Contracts being challenged by non-successful bidders;

It must be noted that all new low cost housing projects will follow a clustered approach with projects of similar scale / numbers and location grouped and tendered as one collective project. Service Providers (professional teams) have been appointed to undertake Engineering Designs, Survey for the 3 Clusters being Mdantsane (consisting of 2 Clusters) and East London (1 Cluster).

It is anticipated that tenders for provision of internal services and top structures (Turnkey development) will be advertised in September 2012. The Department is busy finalizing the SLA's.

Middle & High Income Housing.

Although the actual numbers and delivery timeframes for the middle to high income housing are uncertain at this stage, it is anticipated that delivery could be significant in the short to medium term, with full levels of service being provided. Delivery in certain areas could however be inhibited by bulk infrastructure constraints or financial constraints to provide the requisite infrastructure.

Strategic Housing Session (21 – 22 June 2012).

During various Council meeting since 2011 with Cllrs / Mayoral Committee Members and Top Management it was agreed that a "Strategic Housing Session" be held in order to discuss capacity and other various consultation issues.

A report was prepared and submitted to the Buffalo City Metropolitan Council Committee on 12 December 2011 as per minute BCMC 271/11 (A).

It was agreed by all parties present that a turnaround strategy be prepared which will identify short and long term proposal as reflected and discussed during the 2 day session.
This strategy along with the report will be submitted to BCMM Council for noting as well as approval.

Table 25: ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN HOUSING AND TOWN PLANNING SERVICES.

Housing Services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1.	Percentage of households living in informal settlements	100%	+/- 40,000 = Informal in urban area; +/- 46,000 = Rural areas; +/- 35,000 = Rental	218 = Internal Services; 680 = Top Structure	0 = Internal Services; 833 = Top Structures have been handed over	0%= Internal Services; 123% = Top Structures

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
			required			
2.	Percentage of rental / social houses provided	100%	+/- 35,000	230 = Social houses provided	344 = Social houses provided	150 % = Social houses provided

3.7.1 Major Challenges in Housing And Town Planning Services And Remedial Actions.

3.7.1.1 Challenges (Housing).

- Slow and complex land identification and development processes;
- Limited land in close proximity to the city centre;
- Land invasions and uncontrolled growth of informal settlements;
- Limited capacity of bulk services to meet the demands of new developments (roads, water, sewerage, electricity and storm-water);
- Slow response by Province with respect to approval and conclusion of delivery contracts, movement of funds and poor decisions on approval of projects;
- Complex and time-consuming procurement processes;
- Illegal occupation of serviced sites and top structures;
- Slow progress of allocating housing to those with special needs;
- Relocating beneficiaries from informal to formal housing posses various challenges;

3.7.1.2 Remedial Action (Housing).

It is necessary to establish a designated multi-disciplinary team, formulate a set of procedures to guide implementation of projects, establish a Housing Development Bridging Finance Fund and devise an appropriate quota system for allocation of subsidized housing to meet the needs of special groups, aged and disabled;

Once the Housing Allocation& Relocation Policy has been approved a quota allocation will be approved to increase housing provision for those with special needs within formalised development.

The Housing Relocation Policy will also address the relocation process from informal to formal housing. These Policies should be approved by Council in the 2012 / 2013 financial year.

Attaining a high level of consumer participation, appropriate consumer relations and to have the existing Housing Needs Register approved by Council in the 2012 /2013 financial year.

Effective stakeholder partnerships are required and in order to have effective participation it is necessary to establish an emerging contractor skills training and mentorship programme.

The Municipality embarked on a Land Audit / Fixed Asset Register study in order to unlock / identify land and assets owned by BCMM. This will continue and be work shopped with Cllr's in the 2012 / 2013 financial year.

The Municipality intends to improve on the informal settlement upgrading programme in rural and urban areas as well as an informal settlement study of Mdantsane alone as a matter of priority, in so doing it current a detailed study is being conduct and a feasibility analysis of upgrading of all informal settlements. These two documents are to be approved by Council in the 2012 / 2013 financial year.

Meeting the backlogs and addressing the housing needs of all income groups over the next five years.

To have the Integrated Sustainable Human Settlement Plan (ISHSP) approved by Council in the 2012 / 2013 financial year.

Litigation and procurement challenges are in the process of being resolved. Bids have been invited which are being adjudicated with the intention of making appointments and the Municipal Legal Department are taking action against the illegal occupation of housing projects and other litigation issues. This will continue in the 2012 / 2013 financial year.

The housing environment will need to be enhanced through providing sustainable development in safe areas, avoiding steep slopes and flood plains.

Acquisition and preparation of land is considered a vital component of housing delivery.
As a component of achieving integrated sustainable human settlements, the Municipality is committed to embark on a high density housing initiative to manage urban sprawl.

The initiative proposes to position higher density housing in precincts close to transport nodes, along corridors and economic hubs. A further component of integrated sustainable human settlement is social housing and its role in directing development into designated inner city development zones.

While the BCMM's regularisation approach is commendable, it is likely that it also needs strengthening with the inclusion of livelihoods and sustainability aspects. With this in mind, the proposed response to the BCMM request is as follows:

3.7.2 Housing Accreditation: Level 1 & 2.

The municipality had been delegated in terms of level 1 accreditation. Capacity and operating funding for level 1 delegated function has been received from the Provincial Department of Human Settlements.

The business plan for level 2 accreditation was approved by council in January 2012.

The national accreditation assessment team had assessed Buffalo City Metropolitan Municipality and a recommendation had been made for BCMM to receive level 2 accreditation. On consultation with the Provincial Department of Human Settlements regarding the status of the accreditation for BCMM, it was advised that a certificate for level 2 accreditation should be issued before 31 August 2012.

3.8 HEALTH AND PUBLIC SAFETY

The mission of the Directorate of Health & Public Safety is to provide a safe, secure, healthy and environmentally friendly environment for Buffalo City Metropolitan Municipality's residents, citizens & visitors by providing equitable & sustainable health & safety services to all.

Traffic Services

- ✓ Successfully conducted 172 roadworthy safety awareness campaigns,
- ✓ Undertook 240 special traffic law enforcement operations
- ✓ 1138 non roadworthy vehicles suspended
- ✓ Appointed an additional fifteen traffic officers
- ✓ Successfully implemented traffic control at numerous events, including National and International events.

Law Enforcement Services

- ✓ Crime Prevention Strategy in process of being developed for BCMM. Completion scheduled for fourth quarter of 2012
- ✓ Appointed an additional 15 Law Enforcement Officers
- ✓ Law Enforcement Officers were more active and visible throughout BCMM thus achieving 5582 prosecutions in respect of by-laws
- ✓ 217 liquor outlets inspected throughout BCMM for compliance and licencing
- ✓ Undertook inspections and assisted with 43 181 illegal electricity disconnections
- ✓ Undertook inspections and demolished 1310 shacks or structures erected illegally on municipal land
- ✓ Undertook inspections and confiscated 57 125 pamphlets in relation to the defacing of buildings in the CBD.

Fire Department & Rescue Services

- Complied with national standards in terms of emergency response time,
- Reviewed 30 "special risk" plans
- Conducted 40 evacuation drills throughout BCMM,
- Procured essential equipment namely, breathing apparatus sets, rescue equipment (jaws of life) portable pumps and floating pumps
- Procured two aerial appliances (platforms)
- Construction of new King Williams Town Fire Station commenced with and completion date scheduled for the first quarter of 2013

Rescue Vehicle

King Williams Town Fire Station

Disaster Management Department

- ✓ Fire detection equipment installed in equipment room at the Disaster Management Centre

- ✓ Participated in 192 planning events hosted in Buffalo City
- ✓ Participated in 48 Venue Operations Centres in respect of events held in BCMM
- ✓ Emergency relief distributed to 1949 people resulting from 163 fires which destroyed 694 structures in informal areas
- ✓ Disaster Risk Management Framework Policy completed during June 2012 and submitted to Council for approval in August 2012

CHALLENGES	REMEDIAL MEASURES
• Fragementation of BCMM By - Laws	Review and rationalise By-Laws
• Shortage of fire vehicles and relevant equipment	Procurement of additional fire engines and equipment
• Shortage of patrol vehicles and aging fleet (Law Enforcement & Traffic)	Procurement of additional patrol vehicles and upgrading of current fleet of patrol vehicles
• Lack of capacity to perform Disaster Risk Management to Metropolitan standards	Appointment of additional personnel
• Long waiting time i.r.o appointments for driving licence tests	Commissioning of additional K53 vehicle test yards Appointment of additional examiners for driving licence
• Insufficient office accommodation for Law Enforcement Services and Traffic Services in Inland Region	Construction of additional/new offices in the Inland Region (KWT)

Environmental Health

- ✓ An Air Quality Management Plan has been submitted to Council for adoption
- ✓ A BCMM Emission Inventory has been completed
- ✓ The two Air Quality Monitoring Stations are 90% functional due to all the components and software installed & functioning
- ✓ BCMM Air Quality Officer has been identified and a request for delegation of Authority in terms of NEMA has been made from DEA

Air Quality Monitoring Station

In its aim to monitor and control food establishments, funeral parlours and accommodation establishments and provide training of day care centre personnel the department has inspected and issued compliance certificates to:

- 2128 inspections were carried on formal food establishments out of 782 registered on BCMM's database and 380 premises were issued with compliance certificate.
- 910 inspections were carried on accommodation establishment out of 159 registered on BCMM's database and 128 were issued with compliance certificate.
- 123 inspections were carried on funeral undertakers out of 34 registered on BCMM's database and 24 were issued with compliance certificate.
- 247 child care facilities were inspected and follow up inspections were carried out on 68 registered child care facilities

Nursing Services and Health Support Services Departmentshave managed to create a safe and healthy environment through adequate, integrated and sustainable municipal health services by delivering medical health services functions as defined in the signed Service Level Agreement for 2011/2012.

In order to provide adequate, equitable and comprehensive primary health care services for all communities, the Nursing Services Department has improved the key national health indicators in BCMM Health Care Facilities by achieving:

- 85% in the % of pregnant women testing for HIV in 2011/2012,
- Enhanced the intensity and effectiveness of HIV/AIDS prevention & mitigation programmes within BCMM, by ensuring that all 28 clinics offer HCT and syndromatic STI management.

- The Siyakhana Project (NGO) which was in partnership with BCMM for a period of 5years came to an end in December 2011. It has contributed a lot in terms of increasing numbers tested for HIV. Females tested were 24 987 and the males tested were 8 971 during the years 2008-2011
- The International Centre for Aids Care and Treatment Programs (ICAP) (NGO) in partnership with BCMM focused on provision of HCT program and performing comprehensive Primary Health Care(PHC) services as well as community outreach health awareness activities. This programme was rolled over to Aurum NGO as from February 2012 where (7)Professional Nurses were continuing performing HCT and comprehensive PHC services in BCMM Primary Health Facilities namely, Ginsberg, Gonubie, John Dube, Alphandale, Gompo A, Cambridge, Pefferville Clinic. Other 2 Professional Nurses resigned.
- At Greenfields Clinic and Braelyn Clinic, PHC Services are provided in a limited space attached to the Hall, 1x Container have been transferred to Greenfields and the other one to Braelyn clinic to assist in the intergration of TB and HCT Services in one of the rooms and another room is utilised as a storage of medication in the container.
- Ginsberg Clinic has been extended with 2 extra consulting rooms creating an additional space for the additional programmes eg HCT program and the reception area has been extended to accommodate more patients.
- 2 x Mobile Vehicles have been purchased since there is a demand in the expansion of outreach programmes in the Reeston area and also in the replacement of old Mobile Vehicles
- Clinic equipment have been purchased for assisting in the provision of quality PHC services.
- Successfully procured additional equipment for the mobile clinics which will enhance the capacity of the mobile clinics when delivering PHC to residents
- Completed the upgrade of Ginsberg Clinic wherein the additional rooms added will provide privacy to both nurses and clients. (Please provide a photo of the completed upgrade)

Figure 20 Ginsberg Clinic

Health Support Services

HIV Mitigation

- ✓ 22 Professional Nurses in the Amathole Health District trained on HCT/PMTCT
- ✓ 50 Professional Nurses in the Amathole Health District trained on STI
- ✓ 56 Professional Nurses in the Amathole Health District trained on Provider Initiated Counselling and Testing (PICT)
- ✓ 25 Enrolled Nursing Assistants in the Amathole Health District trained on PMTCT Prong 1 & 2.
- ✓ 343 community members within BCMM trained on HIV/AIDS Basic Information.
- ✓ 115 Lay Counsellors trained on Rapid HIV Testing
- ✓ 78 Community Care Workers in the Amathole Health District trained on Adherence Counselling.
- ✓ 115 Community Health Care Workers in the Amathole Health District trained on Stigma Mitigation.
- ✓ 2, 428 537 male condoms and 46 405 female condoms distributed

CHALLENGES	REMEDIAL MEASURES
• Mushrooming of formal & illegal food & accommodation establishments	Continuous inspections and enforcement of BCMM Environmental Health By Laws.
• Mushrooming of non complying funeral parlours	Continuous inspections and enforcement of applicable by-laws

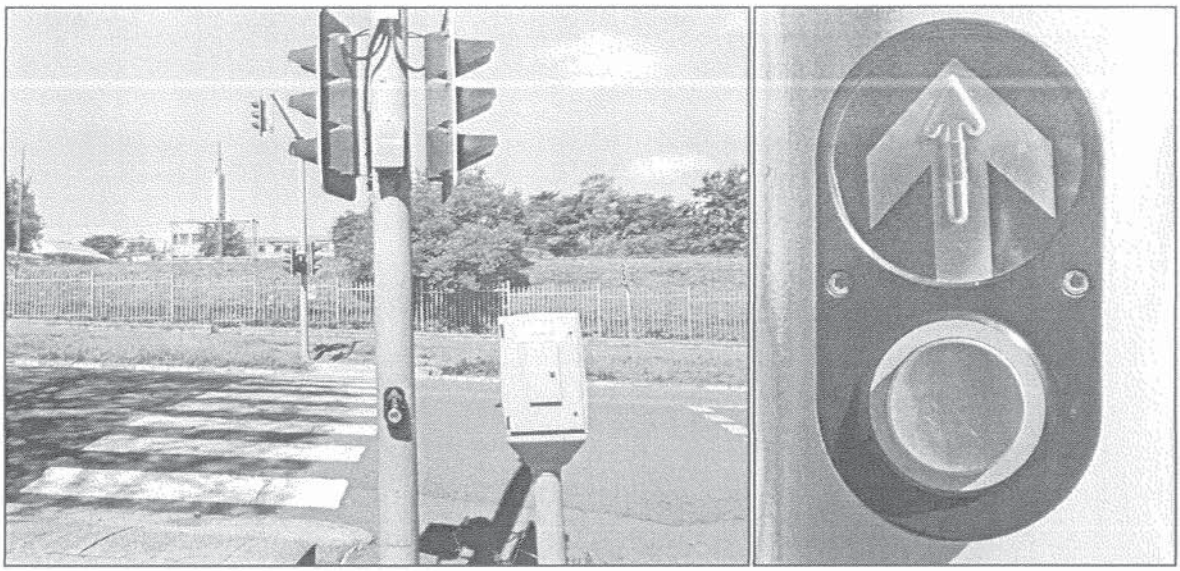
Primary Health Care has been provincialized from the 1 January 2012 and is no longer a function of BCMM.

Mainstreaming of Disability Strategy and Universal Access for Commuters

The Department of Transport Planning and Operations has endeavored to mainstream the access of transport facilities for all passengers. Specific projects include the following:.

Phasing in of physically challenged pedestrian traffic lights at signalised intersections throughout the Buffalo City Metropolitan Municipal area.

Figure 20 : Audible pedestrian crossing in King Williams Town



- ✓ The following intersections have been equipped with audio/tactile pedestrian push button equipment.
  Albert Rd Pedestrian
  Queen / Dale Junior Pedestrian
  Currie Street Pedestrian
  Gonubie Main / 3rd
  Frere Road Pedestrian
  Crewe Road Pedestrian
  Amalinda/ Crewe School Pedestrian
  Amalinda/Hospital Pedestrian
  Epson Road Pedestrian
  Devereaux / Redhouse Lane
  Devereaux / Vincent Park Pedestrian
- ✓ Three new buses were delivered which include low floor and wheelchair access.
- ✓ The planning of the BRT system will promote universal access (features include wheelchair ramps, tactile paving, signalized pedestrian crossings, etc.)

Project Highlights

Public Transport

- ✓ Procurement of 3 low floor buses as part of Buffalo City Bus Service recapitalisation. (R6,000,000)
- ✓ Pavement testing and preliminary designs for the First Phase Public Transport System. Detailed Design, Business Plan Development and Stakeholder Consultation to commence once consultant team commissioned.

- ✓ Upgrade of Public Transport facilities throughout BCMM, with KWT taxi and bus ranks prioritised as the first phase (designs are in progress).

Traffic Engineering

- ✓ A traffic study was completed in the King Williams Town CBD to establish current traffic volumes and develop updated signal timing plans. (R158 177)
- ✓ Traffic signal control equipment was procured for use in the King Williams Town CBD to replace close to obsolete signal control equipment. The new signal controllers will be installed during the new signal timings implementation phase. (R150 059)
- ✓ Implementation and rehabilitation of traffic safety measures across the City – (R600, 000.).
- ✓ Installation of traffic safety measure at Devereux Avenue and Galway Road (R11, 500.)
- ✓ LED traffic signal heads are currently being phased in to replace the older signal head technologies like halogen and incandescent. The LED signal heads are much more energy efficient and also improve safety because of the better visibility in direct sunlight. LED kits are also retrofitted to existing signal heads to avoid unnecessary scrapping of heads that are still in a good mechanical condition but have failing optical components (R 199,807)

- ✓ Transport Planning & Development
- ✓ Tender awarded for Needs Camp and Potsdam bridge feasibility study. Expected completion September 2012 – (R233787).
- ✓ Tender awarded for Ndevana Bridge feasibility study (R330600). Expect implementation 2012/2013 financial year. EIA process to begin.
- ✓ Tender awarded for BCMM Integrated Transport Plan Review. Expected completion September 2012 (R330970)

- ✓ A tender is expected to be advertised on 07/08/2012 for consultants to undertake a Freight Transport Plan for BCMM. (estimated value less thanR 500000).
- ✓ A construction tender is expected to be advertised for the Gonubie Main Road widening project within the month of August. (2012/2013 – R15 000 000; 2013/2014 – R 30 000 000; 2014/2015 – R 10 000 000). Construction to commence January 2013.

3.9 LAND ADMINISTRATION

Land Administration is responsible for Land Acquisition and Disposal, Land Reform and Property Management.

Land Acquisition and Property Disposal

During the 2010/11 financial year the Municipality has not disposed any properties due to the Moratorium.

Moratorium on Land Sales has also affected disposal of municipal properties and might in the long run result in some excess and critical land parcels or properties depreciating by invasion. A decision on what land parcels will be utilised for municipal and community purposes will assist in defining critical land parcels that will be needed for business and investment purposes thereby boosting investor confidence.

The Municipality has resumed ownership of Erf 53730 East London, due to non-compliance by the Purchaser as the Purchaser failed to erect a building within 2 years from date of transfer.

The Division has applied for the release of about 32 land parcels from the Department of Rural Development and Land Reform as well as Department of Public Works for settlement planning and commonage purposes. However the process of State release is very cumbersome and attempts have been made to request some other form of intervention and the Municipality has interacted with Senior Officials from the affected Departments as well as Housing Development Agency which will assist in expediting the release of identified land parcels.

Property Management

Property Management has been greatly assisted by the approval of the Land Management Policy in 2007 which curbs the sporadic land invasion taking place. Slow provision of housing and necessity of people being closer to areas of employment results in land being invaded. The Municipality has quelled a number of land invasion taking place by making use of the Land Management Policy. The funding and strengthening of this arm may enable the Municipality to protect sensitive areas as well as ensuring that planning within the city is regulated. The setting up and institutionalising the multi-disciplinary response team which will work together with the community will assist in the enforcement of the policy.

Tenure Upgrading Programme

The Tenure Upgrading Programme has been implemented in Buffalo City Municipal areas such as Mdantsane (Midland) and the Duncan Village upgrading process is in progress.

However, there is a unit in Mdantsane viz. Unit 2 where the municipality is still dealing with complications of double registration. The process of sorting out the problems is in progress and in loco inspection has been conducted. As recommended by the Registrar of Deeds, previous Deeds of Grants will be cancelled or endorsed to the effect that the property has been renumbered when the process is complete.

Extended State Discount Benefit Scheme

The Municipality transferred erven into the qualifying owners in terms of the Extended State Discount Benefit Scheme. 10 properties have been transferred during the 2010/11 financial year. This process is also not without challenges.

The registered properties are less than the previous financial year due to the staff shortage within the Land Administration Division to expedite the registration process.

Ilitha, Zwelitsha, Phakamisa and Dimbaza (Inland)

Ilitha, Zwelitsha, Phakamisa and Dimbaza are not yet upgraded. We have to acquire the land parcels which comprised of the above Township.

Housing and Local Government are in the process of disposing the parent properties for the abovementioned Townships in order to implement Tenure Upgrading.

3.9.1 Land Restitution

The goal of the restitution policy is to restore land and provide other restitution remedies to people dispossessed by racially discriminatory legislation and price, in such a way as to provide support to the vital process of reconciliation, reconstruction and development.

Restitution is an integral part of the broader land reform programme and closely linked to the need for the redistribution of land and tenure reform.

The Restitution of Land Rights Act, 22 of 1994, and the Constitution provide a legal framework for the resolution of land claims against the state, where possible through negotiated settlements. With regard to Restitution of Land Rights we administer two projects on behalf of Commission on Restitution of Land Rights namely East Bank and West Bank.

East Bank (Coastal)

Land has been identified for East Bank Restitution Project and the following erven,1829, 1830, 2388, 2389, 2392 and portion of erven 1128, 2390, 2396 & 2413 Amalinda, East London have been

identified and a service provider has been appointed to undertake feasibility studies and the suitability report is being awaited. On completion Land Claims Commission will purchase parcels of land from private owners.

A report has been sent to Council requesting the Donation of the properties to the East Bank Claimants.

West Bank (Coastal)

West Bank Township has been registered. Title Deeds have been issued to 90% of the Beneficiaries and the Conveyancer is attending to the remainder thereof.

Bulk Infrastructure has been installed as well as roads constructed.

3.10 ARCHITECTURAL

Building Control:

Building Inspectorate is responsible for the control of building activities, processing of building plan applications and approval thereof; buildings inspection and policing of illegal building activities. .

Building plans applications and building activities

Plans Received	: 2550
Income on Plan Fees	: R4 731 232.40
No. of building plans approved	: 2230
Value of building plans approved	: R 1 221 863 513.41
Buildings Started	: 1564
Building Inspections	: 8544

Projects over R 10 million

Virgin Active (Beacon Bay; New Gym)	: R 16 360 250.00
CI Symes (Beacon Bay; New Shops)	: R 35 105 877.00
Lavender Valley (Beacon Bay; Additions to Office)	: R 15 674 796.00
Daimler Chrysler (Gately; Additions to a factory)	: R 34 254 759.00
Preston (Braellyn; New Warehouse)	: R 11 035 736.00
Hemingways (Vincent; Additions to Hotel)	: R 27 734 935.00
IDZ (West Bank; 2 New Warehouse)	: R 62 322 696.00
Checkers (Nahoon; Additions to Shops)	: R 13 610 152.00
Metropolitan Life Mall (KWT; Additions to Shops)	: R 39 358 750.00

Commercial Advertising Signage Control:

The Commercial Advertising Signage Control branch deals with submission and approval of advertising signage, identification and removal of illegal advertising signage, and the assessment of applications to lease sites for signage display.

One of the achievements of the Signage Control Branch was to award 6 new tenders for outdoor advertising.

Poster Application	200
Signage application	41
Billboards application	8
Notices to remove signage	87
Illegal posters and banners removed	1076

Architectural Services:

The Architectural Services Branch provides architectural services to client departments within the city, viz; architectural designs and supervision of construction of municipal buildings within the city.

The following formal and informal contracts where completed:

Construction of a pack-shed at NU 18
Alterations and additions to the Ginsberg Clinic
Extensions and upgrading of the Aspiranza Clinic
Construction of the Egerton Memorial
Construction of a storage shed at Newlands
Conversion of a container into two consulting rooms – Greenfields Clinic
Conversion of a container into two consulting rooms – Braelyn Clinic
Subdivision of open area into LED offices – Mdantsane
Provision of a reception area to ICT offices
Conversion of 2010 offices into Creditors Office
Upgrading filing room – Land Administration

The Branch was busy with the following architectural projects that were at various stages within the architectural process:

Upgrading of EL Zoo
Upgrading and extending the KWT payments hall
Construction of a new learners licence centre - Mdantsane
Extension of the market sales hall – Phase 2

3.11 BUILDING MAINTENANCE:

The Building Maintenance Branch is responsible for the maintenance of certain municipal buildings which fall under its control.

This includes work related to:

1. Building Maintenance which is minor maintenance, emergency maintenance, electrical and Air-conditioning maintenance, service maintenance, and planned capital reductions maintenance, maintenance to pathways and roads on municipal properties, and the provision of disable toilets and wheel chair ramps.
2. Restorations, alterations sand architectural works on Municipal own Buildings on request.
3. Housing Maintenance which is of a minor maintenance and emergency electrical maintenance nature only.
4. Other department's minor maintenance, emergency maintenance, electrical and Air-conditioning maintenance, service maintenance, and planned capital maintenance. It must be noted that many of these functions, staff, budgets and responsibilities are not centralised under Building Maintenance.

This work is completed with 2 field sections, an admin section and a contracts section, and during the year under review the following works requests were completed

Table 28 Building Maintenance Work

Work Type	Total No.
New wheel chair ramps in municipal buildings	8
Contracts Maintenance Section own votes (Noting that all capital funding was frozen until Dec 2010/ Jan 2011)	141
Contracts Maintenance Section other depts. vote (Noting that all capital funding was frozen until Dec 2010/ Jan 2011)	89
Emergency Maintenance using external service providers	873
Minor Maintenance (Building & Housing)	2121
Service Maintenance	94
Municipal owned building Inspections	3192

Mainstreaming disability strategy to improve access:

Wheel chair ramps and disabled person's friendly interventions have been provided for the following municipal and rented buildings and erven:

1. Dove Core Cllr's Office: Ramp and pathway
2. Beaconsfield Complex: Renovations to old change room and ablutions – ramp

3. Beaconsfield Complex: Renovations to old change room and ablutions – access road on lower level
4. Beaconsfield Complex: Handrail to stores
5. Newlands Rent Office: Ramp, access road and parking
6. Duncan Village Forum Office: Concrete Apron.
7. Mdanstane Zone 3 Depot: access road from entrance to existing tarred areas – half completed in fin year.
8. Beaconsfield Complex: Renovations to Pharmacy – Ramps and Rails

3.12 CITY PLANNING

It is the municipality's mandate to ensure sound future development of the City in an orderly, safe, efficient, sustainable manner and the sound land use management of all existing urban and rural areas and to improve the quality of life for all citizens within the City.

Forward Planning (Spatial Planning)

The Spatial Development Frameworks (SDF's) and numerous Local SDF's had been completed by the Forward Planning Branch and serve as guides in public and private investment within the city. The approval of layout plans for settlement planning was based on LSDF's and assisted with the eradication of shacks, improve the quality of community lives and enable survival strategies which contributes to poverty eradication. The approval of private development proposals based on approved LSDF's allows the economy of the city to grow and businesses to flourish in an orderly fashion and thereby impacting on job creation. The City's rate base is also positively affected.

In terms of Section 26(e) of the Municipal Systems Act (Act No. 32 of 2000), the SDF is a legally required component of the Municipality's IDP. Whilst the full SDF document is available as a 'stand-alone' report, this section serves to focus on the key elements contained in that report, which identify the desired spatial form of Buffalo City. The Spatial Development Framework (SDF) for Buffalo City has been compiled to support the development vision, and sectoral objectives and strategies identified in the BCMM's Integrated Development Plan (IDP).

Once approved by the Municipal Council, the Buffalo City SDF has the status of a statutory plan, serving to guide and inform all decisions on spatial development and land use management in the area to which it applies. However, it is critical to understand that the SDF is not a comprehensive, blueprint plan. Rather, in line with a new, more flexible conception of spatial planning and its interrelationship with other (spatial and non-spatial) development processes prevailing in South Africa now, the Framework is indicative in nature and not, in the final instance, prescriptive.

Quantified Achievements 2011/12

The BCMM SDF Review was initiated in the year under review. Data analysis has been completed and draft proposals have been formulated for discussion with stakeholders. Once this process is complete the project will be finalised and reported to Council.

The following LSDF's are close to finalisation and will be tabled to Council in the 2012/2013 FY:

- ✓ Mdantsane LSDF
- ✓ Kwelera LSDF
- ✓ Bhisho/King Williamstown LSDF.

The following LSDF has been reported to Council and is awaiting approval:

- ✓ Gonubie Main Road LSDF

The Council approval of the LSDF will enable:

1. The Chief Operating Officer to manage and coordinate the actions, projects and programmes identified in the implementation Plan;
2. The implementation of the following prioritized programmes and projects:

2.1 Development of key land parcels

2.1.1 Marina Glen - proposed for an appropriate mixed use development

2.1.2 Court Crescent - proposed for retail at ground floor and residential apartments above and is to include a public square.

2.1.3 Seaview Terrace - proposed for retail at ground floor and residential apartments above

2.1.4 Sleeper Site - proposed for an appropriate mixed use development. Obtain southern portion and develop a spine for affordable housing and commercial uses

2.1.5 Orient Beach: phase proposed as a mixed use development onto which a marina could be added

2.1.6 Identify and make available further sites for development

2.2 Development promotion and facilitation programme

2.2.1 Negotiate with Transnet for the purchase/transfer of Sleeper site and Signal Hill

2.2.2 Liase with Social Housing Institutions regarding possible social housing on Sleeper Site once land is obtained

2.2.3 Establish a City Improvement District (CID) Committee

2.2.4 Identify historical buildings in Quigney

2.2.5 Investigate Feasibility of Broadband in CBD and Beachfront

2.2.6 Facilitate discussions with the University of Fort Hare (UFH) regarding their longer term plans for lower CBD

2.2.7 Prepare a Safety and Security Plan for the Beachfront area

2.2.8 Investigate a solution to the legal issues surrounding the Marina Glen 'A' site tender award.

2.2.9 Identify a suitable urban design theme for the beachfront.

2.3 Upgrade of public realm

Upgrade of all public places and spaces including pavements within the Beachfront and Quigney including the areas around the key land parcels in support of the regeneration of the Beachfront and Quigney.

2.4 Infrastructure upgrade programme

Develop suitable infrastructure in partnership with the private sector in support of the regeneration of the Beachfront and Quigney.

2.5 Public Transport and Traffic Planning Programme

Develop suitable transport and traffic infrastructure and services in partnership with the

3. Council to establish a suitable institutional arrangement that can perform what is broadly defined as the "development promotion and facilitation" function previously performed by the BCDA in order to drive the property development and tourism development opportunities identified in the Beachfront LSDF.

4. Council to adopt a policy with respect to the development mechanisms (where it wishes to have land developed by the private sector) of preferring to lease land on a long lease basis rather than selling land.

5. Council to focus its property development strategy and tourism investment on the Beachfront in order to facilitate the scale of development required and to be in a position to leverage further concessions from developers for inland tourism development .

Challenges	Remedial Actions
Developers often take advantage of areas where there are no LSDF's or old LSDF's that will serve to provide guidance to Council when considering applications for approval	The Forward Planning Branch has a Programme that prioritizes areas that are in need of LSDF's and budgets on an annual basis accordingly.

3.13 SETTLEMENT PLANNING

National Policy and Targets

It is government's stated intention that informal settlements should be eradicated and upgraded by 2014. This has found expression in the "Breaking New Ground" Policy, and the vision of "Sustainable Human Settlements". National Government's focus is on the plight of persons without adequate housing.

The January 2010 Cabinet Lekgotla approved an outcome based approach to service delivery. Outcome 8 affects Human Settlements being the "Creation of Sustainable Human Settlements and to Improve the Quality of Household Life"

The priority is to accelerate upgrading of informal settlements. The national target is to upgrade informal settlements and provide proper services and land tenure to 500 000 households by 2014.

At a National level it is confirmed that Human Settlements in South Africa must at least consist of the following:

- ✓ Development of suitably located and affordable housing (shelter) and decent human settlements.
- ✓ An understanding that human settlements is not just about building houses (Top Structures)
- ✓ Transforming our cities and towns (moving towards efficiency inclusion and sustainability)
- ✓ Building cohesive sustainable and caring communities with improved access to work and social amenities, including sports and recreation facilities.

The focus thus should be :

- ✓ Progressive informal settlement formalization and upgrading (incremental approach)
- ✓ Promoting densification and integration
- ✓ Enhancing spatial planning
- ✓ Enhancing the location of new housing projects
- ✓ Supporting urban renewal and inner city regeneration
- ✓ Developing social and economic infrastructure

The primary objective of the Upgrading of Informal Settlements Programme is to cater for the special development requirements of informal settlements. The Programme is instituted in terms of section 3(4) of the Housing Act, 1997 and is referred to as the National Housing Programme : Upgrading of Informal Settlements. Details of the Programme can be found in: "The National Housing Code, Part 3 - Upgrading of Informal Settlements"

BCMM's overall objective is to improve the quality of life of local residents by creating pre-conditions for sustainable human settlements and to help the communities to integrate effectively and fully into the social and economic life of the city. The national target for the elimination of informal settlements by 2014 has been taken into consideration by BCMM during the development of the Informal Settlement Study.

The following projects were completed

- ✓ Feasibility study for township establishment for the Mzamomhle Informal Settlement

- ✓ Completion of the Feasibility Study for the Amalinda Junctions and Environs i.e. Public Consultation process and final plan submission to Council
- ✓ Land identification for the relocation of informal settlements located in Mdantsane
- ✓ Layout Planning of the emergency relocation of flood victims located at Lingeltisha, Berlin.

The following projects commenced / ongoing

- ✓ Completion of the township establishment process for Duncan Village C-section, Duncan Village Proper & D-Hostel and Braelynn Ext 10 North.
- ✓ Phase 1 of the Rural Settlement Development Plan
- ✓ Township Establishment for Kei Road, Dawn (DVRI Programme)
- ✓ Township Establishment for N2 Road Reserve (DVRI Programme)
- ✓ Township Establishment for Ford Msimango I & II (DVRI Programme)
- ✓ Layout plan for the second Transitional Relocation Area (TRA) for Duncan Village at Mdantsane Access Road / Buffalo Pass
- ✓ Land identification for the full or partial relocation of informal settlements
- ✓ Township Establishment for the East Bank Restitution beneficiaries
- ✓ Township Establishment for the Mzamomhle informal settlement, Phase III

3.14 LAND USE MANAGEMENT:

Achievements for Land Use Management:

Approval of the new Zoning Scheme for the former Ciskei areas was approved by the DLG&TA on 24 March 2011 and the regulations have been implemented.

The following number of Land Use Applications where processed during the 2011/2012 Financial year:

✓ Rezonings	65
✓ Subdivisions	90
✓ Departures	608
✓ Special Consents	43
✓ Power of Attorney	272

All the above land use applications promote mixed land uses and subdivisions and also increase the revenue base of the city.

Land Survey Branch

- ✓ A total of 5 subdivision surveys were carried out.

- ✓ The outsourcing of 6 projects: Fynbos I, Fynbos II, Ndancama Mdange, Hanover and Skobeni. Fynbos I, Fynbos II and Ndancama were submitted to the Surveyor General for approval in June 2012.

Land Information Branch

- ✓ Providing the cadastral layout, aerial photography and topographical information for the general public, consultants and other Divisions within BCMM in both hard copy and digital format. The public counter handled 4564 cadastral queries and 315 hard copy and digital data maps were issued.
- ✓ Examine and scrutinise encroachments by private individuals onto BCMM property. A total of 57 encroachment inspections were carried out.
- ✓ Undertaking numerous cadastral analysis projects in assisting with the history of parcels of land for various departments within BCMM and auditors.
- ✓ Supply GIS Division with regular Cadastral Updates from the Surveyor General's Office for the maintenance and update of Gistext.
- ✓ A total of 4844 building plans were examined.

Table 28 Overall service delivery backlogs

Basic service delivery area	30 June 2012			30 June 2011		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	7978	0	307	7671	2685	1249
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality	3,5 %	0	0.13%	3,4%	1,19%	0,55%
Spending on new infrastructure to eliminate backlogs (R000)	174, 673, 772	68,555,136	68,555,136	106 118 636	33,809,382	33,809,382
Spending on	176,943,155	10,600,000	10,600,00	166,343,15	21,221,818	21,221,81

Basic service delivery area	30 June 2012			30 June 2011		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
renewal of existing infrastructure to eliminate backlog (R000)			0	5		8
Total spending to eliminate backlogs (R000)	351,216,927	78,755,136	78,755,136	272,461,791	55,031,200	55,031,200
Spending on maintenance to ensure no new backlogs (R000)	225,000,000	4,500,000	4,500,000	18,000,000	10,222,453	10,222,453
Electricity backlogs (30KWH/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	73712	1 000	385	73327	1500	250
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality	40 %	1.35%	0.52%	40%	2.04%	0.34%
Spending on new infrastructure to eliminate backlogs (R000)	983,000 000	29 000 000	29 000 000	916 600 000	15 997 600	13 200 000
Spending on renewal of existing infrastructure to eliminate backlog (R000)	672, 060, 000	22 060 000	22 060 000	650 000 000	31 000 000	31 000 000

Basic service delivery area	30 June 2012			30 June 2011		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
Total spending to eliminate backlogs (R000)	1 655 million	51 million	51 million	1 600 million	47 million	44.2 million
Spending on maintenance to ensure no new backlogs (R000)	16million	5.1 million	5.1 million	16 million	4.7 million	44.2 million
Sanitation backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service) Rural	67,121	1000	1000	66121	6416	5472
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality Rural	34.93%	0.53%	0.53%	34,4%	3,34%	2,85%
Spending on new infrastructure to eliminate backlogs (R000) Rural	525, 986,000	28 200 000	28 200 000	497 786 000	17 400 000	8 951 472
Spending on renewal of existing infrastructure to eliminate backlog (R000)	170, 228, 000	4 300 000	4 300 000	165 928 000	17 400 000	3 000 000
Total spending to eliminate backlogs (R000)	664, 039, 000	32 500 000	32 500 000	663 714 000	34 800 000	11 951 472

Basic service delivery area	30 June 2012			30 June 2011		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
Spending on maintenance to ensure no new backlogs (R000) Rural	23, 349, 170	7 600 000	7 600 000	15 749 170/ pa	15 749 170	0
Road maintenance backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	817km	0	0	817km	0	0
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality	49%	R16m	R16m	56%	R18m	R18m
Spending on new infrastructure to eliminate backlogs (R000)	R1,065,000,000	R1,065,000,00	R1,065,000,00	R65,000,400	R65,000,000	R40,000,000
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R256,000,000	R32,890,415	R32,890,415	R257,000,000	R100,000,000	R20,000,000
Total spending to eliminate backlogs (R000)	R1,321,000,000	R1,321m	R1,321m	R100,000,000	R100,000,000	R15,000,000

Basic service delivery area	30 June 2012			30 June 2011		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
Spending on maintenance to ensure no new backlogs (R000)	R36,000,000	R10,290,415	R10,290,415	R100,000,000 (per year)	R80,000,000	R15,000,000
Refuse removal						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	54 952	0	0	125 000	0	0
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality	35.1%	0	0	39.9%	0	0
Spending on new infrastructure to eliminate backlogs (R000)	8 million	0	0	10 million	0	0
Spending on renewal of existing infrastructure to eliminate backlog (R000)	3 million	995 000	3.9 million	4.5 million	3.9 million	3 million
Total spending to eliminate backlogs (R000)	2million	51 million	44 million	48 million	61 million	63 million
Spending on maintenance to ensure no new backlogs (R000)	54 952	0	0	125 000	0	0
Housing and town						

Basic service delivery area	30 June 2012			30 June 2011		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
planning						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	+ / - 43,022	2,500 top structures with services	1,000 serviced sites 957 top structures	+ / - 43,022	4,500 top structures with services	Site excavation = 3,614; Houses completed at roof level = 3,494; House handed over to beneficiaries = 1,170
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality	+ / - 75,000	2,500 top structures with services	1,000 serviced sites 957 top structures	+ / - 75,000	4,500 top structures with services	Site excavation = 3,614; Houses completed at roof level = 3,494; House handed over to beneficiaries = 1,170
Spending on new infrastructure to eliminate backlogs (R000)	Sanitation = 119,105,415 Water = 165,364,538	Sanitation = 119,105,415 Water = 68,555,136	Sanitation = 59,092,967 Water = 68,555,136	Sanitation = 98,703,612 Water = 106,118,636	Sanitation = 98,703,612 Water = 33,809,382	Sanitation = 62,812,497 Water = 33,809,38

Basic service delivery area	30 June 2012			30 June 2011		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
						2
Spending on renewal of existing infrastructure to eliminate backlog (R000)	0	0	0	0	0	0
Total spending to eliminate backlogs (R000)	218,961,248	Capital = 26,728,1160 Operating = 913,726	Capital = 14,683,195 Operating = 39,844,771	356,321,347	Capital = 36,211,000 Operating = 123,450,217	Capital = 25,844,771 Operating = 78,200,843
Spending on maintenance to ensure no new backlogs (R000)	Sanitation = 65,000,000 Water = 5,000,000	Sanitation = 15,727,956 Water = 4,5000,000	Sanitation = 15,727,956 Water = 4,5000,000	Sanitation = 65,000,000 Water = 18,000,000	Sanitation = 15,765,637 Water = 10,222,453	Sanitation = 15,765,637 Water = 10,222,453

Information supplied in the above column has not been audited, it is presented for the purposes of reporting.

PART 2: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

3.1 OVERVIEW

This chapter focuses on programmes and activities that the municipality has been involved in, to stimulate the local economy during the period under review. The chapter would account for interventions implemented and challenges encountered in creating a vibrant economic climate of Buffalo City Metropolitan.

3.1.1. Global Context

According to the Organisation for Economic Co-operation and Development (OECD) 2012, the continuing crisis in the Euro-zone remains the single biggest risk facing the global outlook. The IMF has projected global growth to drop from 4.0% in 2011 to about 3.5% in 2012 because of weak activity during the second half of 2011 and the first half of 2012 (See Figure 1). Real GDP growth in the emerging and developing economies is projected to slow down from 6.3% in 2011 to 5.7% in 2012, then to reaccelerate to 6.0% in 2013 assisted by easier macroeconomic policies and strengthening foreign demand

During the first quarter of 2012; Japan grew by 1.0%, China by 1.8%, Brazil by 0.2% and India by 1.3% in real terms quarter-on-quarter. In this current year however, due to last year's crisis in Japan, trade deficit in Japan is expected to widen and public finances to move beyond the limits of the budget. Among developed countries, Japan has the largest government debt projected at 243% of GDP in 2012.

The Euro-zone is still projected to go into a mild recession in 2012 as a result of the sovereign debt crisis and a general loss of confidence, the effects of bank deleveraging on the real economy and the impact of fiscal consolidation in response to market pressures. Due to problems already mentioned in Europe, activity will continue to disappoint for the advanced economies while job creation in these economies will likely remain sluggish thus putting pressure on the level of unemployment.

The overall world growth is insufficient to make a major dent in high unemployment rates. According to the International Labour Organization (ILO), about 200 million people worldwide are still looking for jobs. The increase in unemployment has been very severe in advanced economies; emerging economies and developing economies leading to high youth unemployment. This also occurs in South Africa and in the Eastern Cape in particular. Large number of women and young people enters the workforce yearly causing growth in the labour force to outstrip employment creation. As a result, strict unemployment in the Eastern Cape increased to 28.3% in 1Q2012 from 26.9% in 1Q2011. The high rate of unemployment exacerbates widespread poverty, with about 3.4 million people (49%) in the province living in extreme poverty.

The question that needs to be asked is that, is *what is the effect of the European crisis on South Africa and the Eastern Cape?* The answer lies with economic globalization, mainly in terms of financial contagion and exchange rate. International economic and financial integration has created opportunities for growth and development, has also caused crisis to spread over from one country to another. The effects of the European crisis on South Africa and Eastern Cape economies are the following:

- ✓ Europe followed by Africa and North America are the top 3 South Africa export vehicles destinations;
- ✓ The Eastern Cape produces almost half of South Africa's passenger vehicles; and generates half of the country's passenger vehicle export;
- ✓ The Eastern Cape economy heavily relies on the automotive sector.

Therefore, this crisis could impact on export demand for the South African automotive sector, which could reduce output and eventually affect employment in the automotive sector. The European crisis could also affect the number of tourists coming to South Africa. At a micro level, this crisis could reduce the amount of remittances to South Africa, rendering vulnerable poor households that rely on remittances from Europe.

3.1.2 South African Context

According to the OECD (2012), the quarterly preliminary GDP estimates in the G20 area grew by 0.8% in the first quarter of 2012 compared with 0.7% in the fourth quarter of 2011. This small pick-up in aggregate G20 GDP growth still masks diverging patterns among the world's largest economies. The growth in the Eastern Cape was mainly driven by the increase in manufacturing activities which contributed the most to the economy by 8.2%. This sector has a relative size of 15% of the Eastern Cape economy

3.1.3 Eastern Cape Context

The manufacturing sector grew the fastest by 8.2% and has a relative size of 15% of the province economy (see Figure 3). Despite these impressive contributions, the business confidence in the manufacturing sector, in terms of expected real investment in machinery and equipment, is still negative. Similarly, manufacturing business confidence has not picked up to the levels it had before the 2009 recession.

3.1.3.1 Unemployment trends in South Africa and in the Eastern Cape

Since 1994, unemployment has remained one of the top three challenges facing South Africa. Despite strong expansion in the Eastern Cape economy, the Province lost 40 672 jobs in the first quarter of 2012 accelerating unemployment rate to 28.3% in in the first quarter of 2012 from 26.9% in in the first quarter of 2012 there were 504,000 people looking for work who could not find work in the province. Hence in in the first quarter of 2012 unemployment rate using the strict definition was 28.3% in the

province and 25.2% in South Africa. However, there were also 399 000 discouraged job-seekers and by adding up the number of unemployed and discouraged work-seekers, leads to 903 000 people unemployed, which then brings unemployment rate in the Eastern Cape to 43.1%.

The causes for unemployment are very complex can be attributed to several factors such as:

- A slowdown in economic activity and inadequate economic growth leading to stagnation in the labour market,
- The inability of the formal and informal economy to create sufficient employment opportunities for a growing population,
- The increasing trend towards capital intensity in the South African economy due to
- labour market unrest, the influence of trade unions, the generally low level of skills, and rigid and inflexible labour markets, and
- General uncertainty regarding future economic prospects.

3.1.3.2 Employment trends in South Africa and in the Eastern Cape

Looking at employment in the Eastern Cape, males employed in the province, 75% are in the private sector and 18% are in the public sector. Of all females employed in the province, 26% are in the public and 57% are in the private sector. Overall, the private sector employs more people than the public sector.

3.1.4 BUFFALO CITY METROPOLITAN MUNICIPALITY CONTEXT

The focus of the Department has not changed in terms of its strategic goals and objectives. There was a need to align the Department's programmatic activities and programmes to those of the province. This was to ensure alignment of programmes and synergy. The Department has placed increased emphasis on the following programmatic activities Agriculture and Rural Development, Tourism Development and Promotion, SMME Development and Trade and Investment. An additional service or function also rendered is the East London Fresh Produce Market which provides revenue for the municipality and an opportunity for trading.

There has been a requirement to review and revise sector plans based on changes in the environment within which the municipality operates and to ensure alignment with the national policies. In this regard the institution has finalized the Tourism Master plan and it awaits to be tabled to Council in the next financial year.A process underway is the review of the Integrated Agriculture Rural Development Strategy. This is to ensure that municipality has a strategic approach to rural development and both comparative and competitive advantages of rural economies.

Furthermore the institution will be reviewing the Economic Development Strategy in an attempt ensure alignment with the objectives of the National Growth. Stakeholder coordination and partnership is one of the integral components in driving economic development. The Metro has

implemented projects in partnership with other national departments i.e. Department of Tourism. In the implementation of these partnership projects Project Steering Committees were established. The Project Steering Committee meetings are chaired by the Portfolio Head and representatives are drawn from funding departments or institutions, officials from the municipality and project beneficiaries. The projects Steering Committee provide oversight and monitor progress in the implementation of all projects.

Furthermore the Metro has established various stakeholders forum in accordance to the sectors i.e. SMME Forum, Cooperative Forum, Tourism Association and Agricultural Stakeholders forum. These forums meet on a quarterly basis to discuss and input in council initiatives and they are a strong linkage between the municipality and the various sectors.

The office of the City Manager has initiated a process of establishing and coordinating a high level engagement between established business and the municipality. This forum is an Economic Advisory Forum and made up of the Chief Executive Officer of East London Industrial Development Zone, MBSA, and Heads of the two Universities [Walter Sisulu& Fort Fare]; Tourism and Parks and the Chairperson of the Business Chamber.

As strategic intervention in the nodal Metro areas, the institution is operating business support and tourism centers. The business centers are the Mdantsane One Stop and Duncan Village Business Hives. Business centers provide business information services, business development services and business registration. Tourism center are Mdantsane Tourism and Dimbaza Wall of Fame. Tourism center coordinate all tourism development activities and events in the nodal areas. Implement tourism development programmes and provide tourism information and promote the areas tourism attractions.

3.2 AGRICULTURE AND RURAL DEVELOPMENT

Performance Highlights and Achievements:

Rural Development is one of the cross cutting functionaries of the municipality inclusive municipal services, planning and health. Agriculture is one of the main components towards achieving rural development.

The mandate of Agriculture & Rural Development within the LED, Tourism & Rural Development is to facilitate agricultural development within Buffalo City Metropolitan Municipality. During the 2010/11 financial year the Agriculture and Rural Development Unit has through the international relations department formed a partnership with the city of Tuscany (Italy) through a National Partnership known as NetsAfrica. The programme seeks to enhance economic development initiatives within the municipality. Through the partnership a tomato packaging facility which is linked to the Hydroponics project has been built. The facility would not only assist Mdantsane Tomato Growers but all tomato growers within Buffalo City Metropolitan Municipality. The packaging facility will cut the costs of the

marketing middleman and therefore create more income for the farmers. Through this partnership a Round Table Forum has been established which serves as a platform for networking and discussing issues pertaining to agricultural production. The Round Table seeks to harness the production standards of the tomato growers and link them with relevant marketing outlets.

The municipality also started rolling out the hydroponics to rural areas and had identified Newlands areas as a suitable area which has abundant water resources as required by the programme. The programme assisted one cooperative in Newlands to run a hydroponics enterprise and linked it with the Mdantsane Packshed. Other tomato farmers have been assisted with equipment such as irrigation and fertigation system, inputs (seedlings and fertilisers).

The programme assisted rural farming cooperatives with agricultural equipment such as the resuscitation of the Qongqotha Irrigation Scheme for Velanani Agricultural Cooperative, Broiler House for Umzamowethu Cooperative at Nxaruni, small Irrigation scheme for Dimbaza Farmers Association. In the provision of all agricultural equipment and construction of hydroponics the municipality after it had handed over the items continues to monitor the project to ensure sustainability. In some instances follow up interventions are undertaken to support the project where equipments such as ploughing plants and tractors were provided. The department entered into agreements with beneficiaries to ensure asset maintenance and service of the asset.

All projects that were previously assisted by equipments are still in operation although in different levels due to capacity and there is still a need for ongoing support. The department was engaging other stakeholders to partner and make intervention in various level to support the project.

The department has continued its partnership with the East London Industrial Development Zone wherein a partnership for an Agripak is being explored. Support was given to farmers by linking them with relevant funding institutions such as Industrial Development Corporation, Eastern Cape Development Corporation and other financial banks.

3.3 EAST LONDON FRESH PRODUCE MARKET

Performance Highlights and Achievements:

This is a municipal facility that provides facilities for the storage and distribution of the fresh produce. It receives and sells the produce to the public on behalf of the farmers who are the suppliers. This is also a revenue source for the municipality. The market agents operate in the allocated floor space. Transformation and economic empowerment still remains a challenge of as the Market Agents still remain a white dominated sector. Improve the infrastructure of the market to attract more traders.

Key objective of the municipality is to create enabling environment for an economy that is growing and diversifying. The market contributes in the objective by creating access for Historically Disadvantaged

institutions (HDI). For 2011/12 the Fresh Produce Market prioritised the implementation of the following projects funded through the Development Bank of South Africa:

- ✓ Extension of the sales hall;
- ✓ Upgrade of cold room facilities.

The extension of the sales hall was an attempt to create more trading space and thus allow access for HDI Market Agents. This was also an opportunity made available to SMME's and Cooperatives in the Agricultural produce sector. Phase 1 of the extension is now complete

3.4 TOURISM DEVELOPMENT AND PROMOTION

Performance Highlights and Achievements:

Tourism contributes over half a billion to the economy of Buffalo City. This was according to the survey conducted recently to determine the impact of the tourism sector to the economy of Buffalo City. The city had an occupancy rate of 49% this is despite the global recession. Even though this paints a positive picture for the city, the results further reveals that there has been a decline in the total number of foreign visitors visiting the Eastern Cape and Buffalo City receives only 20% of the total foreign visitors whilst the remaining 80% visits other parts of the province.. The lack of marketing by the city is largely to blame for the results. However; in the 2011/2012 financial year as part of the marketing plan the municipality with its limited budget implemented the following projects:

- Participation at the Tourism Trade and Consumer Shows: The municipality attended the following trade and consumer shows wherein it exhibited and showcased buffalo city as a tourist destination:
    1. Indaba International Trade Show held in Durban in May
    2. Kyalami Outdoor Show held in Johannesburg in June
    3. Getaway Show held in Cape Town in March
    4. Getaway Show held in Johannesburg in September
    5. Adventure Outdoor Show held in Cape Town in October
    6. Rand Easter Show held in Johannesburg in March
- Attended Travel Trade workshops: The municipality attended three travel trade workshops in Durban, Johannesburg and Cape Town where it had an opportunity to meet with the travel agents and tour operators to negotiate that they include Buffalo City in their tour packages.
- Advertising: the municipality advertised in the following publications:
    1. Eastern Cape Tourism Directory
    2. Buffalo City 360 Magazine
    3. Khuluma (kulula inflight magazine)
    4. Equinox Magazine (Southern Sun Hotels Magazine)
    5. Getaway Magazine

- Printing of marketing collateral: The municipality developed the following brochures as part of the marketing collateral to profile and market the city:
    1. Visitors guide
    2. Accommodation guide
    3. Crafters guide
    4. Tourist maps

Skills Development Program

Skills development in the tourism sector takes priority. The municipality continues to support SMME's through its skills development to benefit and grow tourism smme's. In the 2011/12 financial the municipality conducted the following tourism trainings:

- ✓ Customer Care Training: the training was targeting all subsectors of the tourism industry. The purpose was to equip people with skills that would allow them to always provide an excellent service to its visitors/clients.
- ✓ Advance Cooking Course: The training targeted SMMEs in the accommodation and restaurants businesses. A total of 24 were trained by a recognized hospitality school.
- ✓ Hygiene Course: as part of the requirement for any hospitality business is to comply with health regulations. In order to ensure that tourism SMME's understand and comply with the regulation. A total number of 75 people attended a one day course on hygiene issues.

Tourism Business Support Program:

The tourism support program was intended to provide support to tourism businesses with preference given to SMME's. In the 2011/2012 financial a total of +- 20 businesses have been supported in the following areas:

- Grading
- Signage
- Printing of marketing material

Tourism Events

Buffalo City Municipality realized the importance of events in growing Buffalo City as a tourist destination. The decision by council to incorporate the Buyelekhaya Jazz Festival to form part of the annual summer season program was to ensure that the summer season in Buffalo City offers a variety of activities and yet leave a memorable experience for the visitors as well as local people. The summer season events were attended by over 30 000 people. The City has also witnessed the return of the Port Festival which attracted well over 5000 people. The city is continuously looking at ways in which events can form an integral part of the marketing strategy to market the city as a preferred tourist destination.

Tourism Planning and Feasibility Study

As part of the tourism planning and research program, the municipality identified the need to pursue nodal development against the individual projects. In the 2011/12 financial year the municipality

conducted a feasibility study to determine the economic potential of two nodal areas i.e. Mount coke and Maclean Town. Both nodal areas have identified tourism as one of the key sectors that could assist in transforming the economy of these nodes.

3.5 BUSINESS DEVELOPMENT

Performance Highlights and Achievements

The Business Development Division has, as part of its mandate of developing SMMEs in BCMM, offered the following services to its clientele.

- Business registration
- Capacity building and training
- Marketing
- Provision of funding to primary cooperatives

The division has through the Mdantsane and Duncan Village business support centres registered 25 cooperatives and 12 private businesses during the reporting period. The majority of the cooperatives registered were in the Agricultural sector followed by manufacturing whereas the services sector formed the majority of the private businesses registered.

Five capacity building and training projects were implemented during the reporting period and are namely Business Management, Customer Care, Tender Advice, Cooperative Governance and Emerging Contractor Development. The above-mentioned training projects were aimed at building the capacity of SMMEs for the effective and efficient running of their businesses and for sustainability. A total of 100 SMMEs benefited from the above-mentioned training programme.

Ten SMMEs were assisted by the municipality to exhibit their products and services in the Business Connect Expo held in November 2011. Also, seven SMMEs also exhibited during the Home Expo Exhibition held on the 14th to the 17th of June 2012. Lastly, eight SMMEs also participated through exhibiting their products and services during the Buyers Guide Exhibition held on the 25th to the 27th of December 2012. The above-mentioned events assisted SMMEs in profiling their businesses whilst presenting them with the opportunity to sell their products.

As part of the division's endeavour create a conducive environment for SMME access to finance, twelve primary cooperatives from the city benefited from the R1 million Cooperatives Development Fund. Each cooperative received equipment to the value of R100 000 to boost its business.

3.6 TRADE AND INVESTMENT

Performance Highlights and Achievements

Trade and Investment is critical for sustained economic development and growth. Key strategic objectives of the department were to increase and attract foreign and domestic investment. These

objectives were planned to be achieved through implementing programmes which were aimed at selling BCMM to potential investors:

- Participation in local and international trade shows to market business opportunities of BCMM;
- Support SMME's to expose their business products at national level
- Establishing strategic Partnerships for promotion of Trade and Investment.

Initiatives Implemented

A number of initiatives which were planned and were implemented included

- Attendance and Participation in two local trade shows which showcased business opportunities of BCMM
- Participation in an international exhibition in Germany to showcase investment opportunities of BCMM in partnership with Eastern Cape Development Cooperation

The local trade shows were a great spectacle to showcase the products of our SMME's. SMME's from Buffalo City participated in South African Industry Trade Exhibition [SAITEX] which was held at Gallagher Estate in Johannesburg. This was a collaborative exhibition between provincial players which include ECDC, East London Industrial Development Zone, Five District Municipalities, Two Metros (BCMM and NMM) and SMME's that fall within various jurisdictions in the province.

The second local exhibition was intended to showcase business opportunities of BCMM. There was also overwhelming interest from various business people in South Africa and abroad at developmental opportunities through which BCMM can form strategic partnerships to unearth.

Participation of BCMM at international exhibition was a resounding success due to many business leads that we are currently pursuing. The interest of companies to partner with BCMM especially on renewable energy initiatives was overwhelming in the exhibition that we attended in Germany.

With regard to partnerships for promotion of Trade and Investment, the City engaged relevant stakeholders which include DTI, ELIDZ, ECDC, NAFCOC and Border Kei Chamber to establish working relations between various players. Such relations have assisted BCMM to deal collectively with developmental challenges together with other provincial role players.

3.6.1 Key Challenges of the Department

- Human Resource Capacity and funding for critical unfunded posts;
- Lack of economic intelligence data for planning and review. It is rather difficult to analyse the impact, identify impediments for economic growth contribution by companies within municipal boundaries and number of job created by the local economy. The department relies on economic information provided by Statistics South Africa and ECSECC.
- Delayed appointment of task teams, steering committees for projects i.e. Tourism Heritage Route as the project can't move as it needed political champion.
- Limited interaction between municipality and Business sector

- Red Tape and cumbersome municipal processes
- Lack of clear policy to regulate the Informal Sector and Trading
- Moratorium on land disposal has a major impact on limiting investment opportunities

3.6.2 Key Areas of Improvement

- Monitoring and Evaluation
- Ensuring an effective Economic Development Forum
- Develop a Special Purpose Vehicle to drive Trade and Investment
- Improve co-ordination of Trade and Investment activities between departments, external stakeholders and politicians (central point of co-dation of trade and investment activities)
- Develop policy and strategic framework for promotion of Trade and Investment (pan for 2012/13)
- Fastracking of decision making to ease doing business
- Partner with real businesses that understand the industry and create space for private sector to play a central role in attraction of Investment and promotion of Trade
- Strengthen relations with ELIDZ to a sustainable partnership with BCMM with clear goals of attracting investment within the whole jurisdiction of BCMM

3.6.3 Status on developing the LED strategy/plan

BCMM has an Economic Development Strategy which was approved by council in 2008. The strategy is a 5-year Implementation Plan. The department has reviewed sector plans

- Tourism Master plan being reviewed;
- Integrated Agriculture and Rural Development Strategy being reviwed;

The availability of a LED expertise:

All management positions for the Local Economic Development Department are filled except for the Lower level positions in the organogram that still remain vacant; however there is process underway to design new organogram for the metropolitan municipality.

Various LED sector Forums have been established i.e. Tourism stakeholders Forum, Cooperatives Forum, SMME Forum. At high level the City Manager has established an Economic Development forum. The purpose for the forum is to have engagement about the strategic direction of the city as an economic hub of the region. The department also participate in other relevant sector forum i.e. District Support Team driven by the Department of Economic Development, Environmental Affairs and Tourism and Export Forum driven by CEDC. Funding of LED initiatives depends on external funding sources as follows:

- Department of Tourism Kiwane Campsite and Tyolomnqa;
- Department of Tourism for Mdantsane Community; and
- Partnership with the city of Tuscancy [Italy].

Progress towards achieving the LED key objectives

As enshrined in the LED Strategy below are the objectives. The BCMM Local Economic Development Strategy needs to meaningfully impact on economic growth, job creation and poverty reduction.

The following four overall aims and objectives were developed are aligned to the Provincial Growth and Development Strategy (PGDS)

Municipality Economic Development Aims & Objectives

Aims	Objectives
i) Get the basics right and retain existing businesses	i) Reduce number of households living below poverty line by 48% by 2014
ii) Grow competitive business	ii) Increase economic growth to average of 4.5-6% per year by 2014
iii) Attract new investments and funding	iii) Reduce existing unemployment to 20% by 2014
iv) Share the benefits of growth	iv) R500mln of investment annually in priority sectors between 2009-2014

In creating an enabling economic environment key interventions in a form of programmes were implemented for the 2011/12 financial year.

A. Tourism Development and Promotion

- ✓ Tourism Business Programme;
- ✓ Tourism Events;
- ✓ Tourism Infrastructure Programme; and
- ✓ Tourism Skills Development.

B. Agriculture and Rural Development

- Urban and rural development agriculture programme;
- Support emerging farmers;
- Hydroponics initiatives

C. Enterprise support and Business Development

BCMM has two SMME Support centres and planned for the next financial year

- Mdantsane One Stop Shop,
- Duncan Village Business Hives
- Planned Cooperative Development Center

Services offered to SMME's include:

- Capacity building programme
- Cooperative Development Support
- Emerging Contractor Development Programme
- How to start a tourism business
- Informal Sector Support and Development

D. Trade and Investment

The following programmes were earmarked and implemented:-

- ✓ Participation in International Trade Shows.
- ✓ Automotive Development Center

Table 30Annual performances as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	100%	90%	90%
2	Number of LED stakeholder forum held	5 Sector Forums	7 Sector Forums 3 Cooperatives Forum meetings 2. Tourism Stakeholder sessions. 3. Informal Traders Session	7 Sector forums
3	Percentage of SMME that have benefited from a SMME support program	90%	90%	100%
4	Number of job opportunities created through EPWP	1534	716	47%

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
5	Number of job opportunities created through PPP	N/A	N/A	N/A

3.6.3.1 Challenges regarding LED strategy implementation

Changing economic environment because changing economic environment;

- Vacancies in the lower level positions in the department;
- Budget constraints;
- Lack of economic intelligence;
- Poor coordination between economic development institutions in the region.
- Lack of Monitoring and Evaluation
- Technical capacity to implement mega economic initiatives

3.7 WAY FORWARD

- Align Economic development strategy and City Development Strategy
- Improve capacity of the department
- Development of an institutional monitoring and evaluation tool; and
- Implement Red Tape Reduction measures.

CHAPTER 4: ORGANISATION DEVELOPMENT PERFORMANCE

4.1 OVERVIEW

The focus of the Directorate of Corporate Services is to create an enabling environment through the provision of effective and efficient support services to all business units within Buffalo City Metropolitan Municipality (BCMM).

4.2 ACTIVITIES OF THE DIRECTORATE

- ✓ Effective management of human resources in order to ensure the transformation of skills development and employment equity;
- ✓ The provision of effective management of an administration system that is efficient and facilitates decision-making and service delivery throughout Buffalo City Metro;
- ✓ The assurance that the support system, e.g. Information and Communication Technology are used and enable the implementation of the Integrated Development Plan.

The Directorate of Corporate Services consists of two departments namely:

i. Human Resource Department: is responsible for the provision of strategic human resources support to all council business functions, people development and to ensure the maintenance of sound labour relations. The Human Resources Department consists of three sub-divisions, namely Personnel, Labour Relations and Performance and Development.

ii. Organisational Support Department: the purpose of this department is to provide administrative, logistical, operative, Information and Communication Technology management support to the Municipality and consist of three sub-divisions. The first, being the Auxiliary and Document (Records) management, which provides office, administrative and document management support to the organisation. The second is the Administrative and Council Support unit, which provides secretariat and related support services to the municipality and council committees. The third is the Information Management and Technology unit. This unit is responsible for providing information and communication technological support services.

4.2.1 Presentation of The Organizational Structure (Attached As Annexure 2) As At 30 June 2012

Council approved a macro-structure for BCMM on 30 June 2011. Such approval was rescinded by Council on 07 June 2012 and a new structure was approved. Such structure is still being consulted

and implementation thereof is pending finalisation of the consultation. A copy of the macro-structure approved on June is attached as Annexure A.

4.2.2 Implementation of Job Evaluation

South African Local Government Association Bargaining Council (SALGA) won a dispute lodged by the unions regarding their demand to negotiate a new job evaluation agreement in 2011. SALGA has confirmed with municipalities that job evaluation rests within the authority of the Municipal Manager as per the Municipal System Act 32 of 2000 and is in the process of finalising broad policy framework in this regard. BCMM has also developed a proposal to deal with job evaluation at a local level. Such proposal is being consulted with the union with a view to urgent implementation.

4.2.3 Staff development initiatives during the Financial Year

The following statistics reflect the staff development initiatives that occurred during the 2011/12 financial year:-

a)Category	Number of Interventions	No. of People Trained
Directors & Managers	6	19
Professionals	38	207
Technicians & Trade Workers	28	57
Community & Personal Service Workers	30	193
Clerical & Administrative Workers	45	340
Machine Operators & Drivers	14	26
Labourers	29	229
Total No of Employees Trained	190	1071
b)Target Employment Category	Course Name	Skills Priority Area
Directors & Managers	MFMP Skills Program	Financial
	Coaching and Mentoring	Corporate, Legal and Support
	Project Management	Corporate, Legal and Support
	Assessor Training	Corporate, Legal and Support
	Certificate Programme in Municipal Financial	Financial

	Management	
	Labour Law Update	Corporate, Legal and Support
Professionals	MFMP	Financial
	Certificate Programme in Municipal Finance Management	Finance
	Skills Development Facilitator	Training Skills
	Local Economic Development	Management & Leadership
	Project Management	Management & Leadership
	Corporate Governance	Corporate, Legal and Support
	Law Update	Corporate, Legal and Support
	Strategic Planning	Corporate, Legal and Support
	Occupational Health and Safety	Specialist Technical
	Basic Fire Science	Client Services
	Women in Leadership	Management and Leadership
	Ms Word	Computer Skills
	Global Organisational Design	Specialist Technical
	Microsoft Dynamics AX	Specialist Technical
	Telecoms Discussion	Specialist Technical
	Performance Management and Public Participation	Management & leadership

	Finance for non-Financial Managers	Financial
	Management Development	Corporate, Legal and Support
	Disciplinary Procedure	Corporate, Legal and Support
	Public Speaking	Training Skills
	Managing and Handling Disciplinary Enquiry	Corporate, Legal and Support
	Conflict Management	Management & Leadership
	Asset Management	Financial
	Financial Management	Finance
	Handling Disciplinary Enquiry	Corporate, Legal and Support
	Conducting Discipline	Corporate, Legal and Support
	Assessor	Training Skills
	Batho Pele Principles	Corporate, Legal and Support
	Supply Chain Management	Financial
	Monitoring and Evaluation	Training Skills
	Assertiveness and Confidence at work	Training Skills
	Conflict Basic Intermediate	Computer Skills
	Coaching and Mentoring	Management & Leadership
	Labour Relations Seminar	Corporate, Legal and

		Support
	Integrated Waste Management	Corporate, Legal and Support
	Municipal Performance Management and Auditing	Management & Leadership
	Capacity Building for Specialists and Training	Corporate, Legal and Support
	Skills Development Facilitator	Training Skills
	Human Resources Management for Supervisors	Corporate, Legal and Support
Technicians & Trade Workers	Bricklaying Trade Test	Specialist Technical
	Corporate Governance	Corporate, Legal and Support
	Supervisory Training	Management & Leadership
	First Aid Level I	Occupational Health and Safety
	Project Management x2	Management & Leadership
	Principles of Management	Corporate, Legal and Support
	Performance Management and Public Participation	Corporate, legal and Support
	Excel Intermediate	Computer Literacy
	Report Writing	Administration
	Hazmat	Specialist Technical
	Supply Chain Management	Financial
	Handling Disciplinary Enquiry	Corporate, Legal and Support

	Better Communication	Training Skills
	Managing Disciplinary	Corporate, Legal and Support
	Labour Intensive Workshop	Specialist Technical
	Public Sector Management and Control Workshop	Corporate, Legal and Support
	Asset Management	Financial
	Finance for non-Financial	Finance
	Financial Management	Finance
	Comlit Basic Intermediate	Finance
	Cleaning Skills	Training Skills
	Customer Care	Client Services
	Assertiveness & Confidence at work	Training Skills
	Financial Life Skills	Financial
	Coaching & Mentoring	Training Skills
	Public Speaking & Presentation Skills	Training Skills
	Local Economic Development	Training Skills
	Shop steward Participation	Corporate, Legal and Support
Community & Personal Service Workers	Basic Fire Fighting	Specialist Technical
	First Aid Level 1	Occupational Health and Safety
	Project Management	Management & Leadership
	Woman in Leadership Skills	Management & Leadership
	Management Development	Management & Leadership

	Finance for Non-Financial	Financial
	Conflict Management	Corporate, Legal and Support
	Principles of Management	Corporate, Legal and Support
	Basic Fire Science	Specialist Technical
	MS Word Intermediate	Computer Literacy
	MS Powerpoint	Computer Literacy
	MS Excel	Computer Literacy
	Performance Management and Public Participation	
	Disciplinary Procedure	Corporate, Legal and Support
	Supply Chain Management	Financial
	Management and Handling Disciplinary	Corporate, Legal and Support
	Traffic Officers Training	Corporate, Legal and Support
	Better Communication	
	Asset Management	Financial
	Financial Management	Financial
	Basic Intermediate	Computer Skills
	Coaching and Mentoring	Training Skills
	Assertiveness and Confidence	Training Skills
	Conducting Discipline	Corporate, Legal and Support
	Communication	Life Skills
	Public Speaking	Life Skills

	Corporate Governance	Corporate, Legal and Support
	Monitoring and Evaluation	Corporate, Legal and Support
	Handling Disciplinary	Occupational Health and Safety
	Batho Pele	Corporate, legal and Support
Clerical & Admin Workers	Excel 1	Computer Literacy
	Excel 2	Computer Literacy
	PowerPoint	Computer Literacy
	Safety NEBOSCH	Occupational Health and Safety
	Supervisory	Management & Leadership
	Report Writing	Administration
	PA's Office Admin	Administration
	First Aid Level I	Occupational Health and Safety
	Essential Administration Leadership	Administration
	Local Economic Development	Corporate, Legal and Support
	Leadership and Management Skills for Executive Secretaries	Administration
	Office Admin	Administration
	Finance for non Financial	Life Skills
	Conflict Management	Corporate, Legal and Support
	Project Management	Project Management
	Managing HIV / AIDS	Occupational Health & Safety

	Women in Leadership	Management and Leadership
	Project Management	Project Management
	Business Procurement Management	Financial
	Managing and Handling Disciplinary	Corporate, Legal and Support
	Disciplinary Procedure	Corporate, Legal and Support
	Principles of Management	Management and leadership
	Performance and Public Participation	Computer literacy
	Supply Chain Management	Financial
	Better Communication	Training Skills
	Financial Management	Financial
	Asset Management	Financial
	ERSI Intro to Multiuser Geodatabase	Technical Specialist
	Examiner Drivers Licence Grade L	Technical Specialist
	GRADE A Examiner of Drivers Licence	Technical Specialist
	Performance Management	Corporate, Legal and Support
	Peace Officers	Corporate, Legal and Support
	Assertiveness and Confidence	Training Skills
	Coaching and Mentoring	Training Skills
	Basic Intermediate	Computer Literacy

	Conducting Disciplinary	Corporate, Legal and Support
	Corporate Governance	Corporate, Legal and Support
	Monitoring and Evaluation	Corporate, Legal and Support
	Handling & Disciplinary	Corporate, Legal and Support
	Dispute and Dismissals	Corporate, Legal and Support
	Batho Pele	Corporate, Legal and Support
	Communication	Corporate, Legal and Support
	Document Management and Information Security	Administration
	Public Speaking	Training Skills
Machine Operators & Drivers	Safety Reps Training	Occupational Health and Safety
	First Aid Level I	Occupational Health and Safety
	Conflict Management	Management & Leadership
	Hazmat	Specialist Technical
	Better Communication	Corporate, Legal and Support
	Managing Discipline	Corporate, Legal and Support
	Asset Management	Finance
	Finance for Non-Financial	Finance
	Cleaning Skills	Training Skills
	Financial Life Skills	Financial
	MS Excel	Computer Literacy
	MS PowerPoint	Computer Literacy

	Shopsteward Participation	Corporate, Legal and Support
	Dispute and Dismissals	Corporate, Legal and Support
Labourers	First Aid Level I	Occupational Health and Safety
	MS Word Intermediate	Computer Literacy
	Safety Reps Training x3	Occupational Health and Safety
	Ms Excel	Computer Literacy
	Project Management	Corporate, Legal and Support
	Performance Management	Corporate, Legal and Support
	Firearm x2	Specialist Technical
	Finance for non financial	Financial
	Managing HIV/AIDS	Occupational Health and Safety
	Security Officers Grade D,E,C Bodyguards	Social/ economic development & Planning
	Crane Truck	Social/ economic development & Planning
	Managing Handling and Discipline	Corporate, Legal and Support
	Basic Financial Life Skills	Financial
	Supervisory Skills	Training Skills
	Management Development	Corporate, Legal and Support
	Conflict Management	Corporate, Legal and Support
	Asset Management	Financial
	Cleaning Skills	Training Skills

	Better Communication	Training Skills
	Customer Care	Client Services
	Financial Management	Financial
	Assertiveness and Confidence @work	Training Skills
	Coaching and Mentoring	Training Skills
	Communication	Training Skills
	Public Speaking	Training Skills
	Monitoring and Evaluation	Training Skills
	Disputes and Dismissals	Corporate, Legal and Support
	Conducting Discipline	Corporate, Legal and Support
	Handling Disciplinary Enquiry	Corporate, Legal and Support
	Adult Basic Education and Training (ABET)	ABET

4.3 KEY HR STATISTICS PER FUNCTIONAL AREA

The following information is provided as at 30 June 2012

Table 6 Approved filled and vacant post [MM & Section 57]

	Approved positions (e.g. MM-Sect 57 etc.)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	
2	Chief Financial Officer	1		1
3	Director: Corporate Services	1	1	
4	Director: Engineering Services	1	1	
5	Director: Planning & Economic Development	1	1	
6	Director: Community Services	1	1	

	Approved positions (e.g. MM-Sect 57 etc.)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
7	Director: Executive Support Services	1	0	1
8	Director: Health & Public Safety	1	1	
9	Chief Operating Officer	1	0	1

Table 7 Technical staff registered with professional bodies

Technical Service (e.g. water, electricity etc...)	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Environmental	23	23		
City Planning				
City Planning (LUMS)		9	4	
City Planning (Set. Planning)		2	2	
City Planning (Forward Planning)		2		
Architecture	9	9		
Engineering (Water & Sanitation)	10	10		

Table 8 Levels of education and skills

Total number of permanent staff as at 30 June 2012	Number of permanent staff without Grade 12 NQF 1 TO NQF 3	Number of permanent staff with Senior Certificate only NQF 4	Number of staff permanent with Tertiary/accredited professionals training NQF 5
4597	1285	1580	1032

Table 9: Trends on total personnel expenditure

Financial years	Total number of funded posts	Total approved operating budget	Personnel expenditure	Percentage of expenditure
2009/10	5025	3,670,959,710	794,449,415	21.65
2010/11	5055	3,300,793,026	858,017,015	25.99
2011/12	5175			

Table 10 List of pension and medical aids to whom employees belong

Name of pension fund	Number of members	Names of Medical Aids	Number of members
Cape Joint Pension Fund	40	LA Health	1 105
Cape Joint Retirement Fund	2583	Bonitas	1 355
MEPF	96	Keyhealth	184
GEPF	73	Samwumed	327
SAMWU	996	Hosmed	95
SALA	36		
ECLA	544		
LGPF	0		
Orion	0		
Liberty Life (ELM Provident Fund)	248		
Sanlam	22		
Total	4638	Total	3066

Senior officials' wages and benefits

City Manager's total package as at 30 June 2012: - R 1 441 368.54 p.a.

Directors (Section 57 employees) total package as at 30 June 2012:- R 1 237 994.09 p.a. per person.

4.4 IMPLEMENTATION OF THE EMPLOYMENT EQUITY PLAN

Buffalo City Metropolitan Municipality has a five year employment equity plan dated 26 September 2006 to 30 June 2012. The existing employment equity plan is currently being reviewed. The reviewed plan would reflect the Buffalo City Metropolitan Municipality employment equity implementation programme. Reviewed targets that would be in line with the Eastern Cape Economic Active Population (ECEAP) as well as the new task levels, and such targets were to be implemented will be implemented as from 1 July 2012. It would also show the relationship between the current workforce profile and possible barriers in employment equity policies and procedures and the implementation of corrective steps thereon.

The review process would include a critical examination of all existing policies, practices, procedures and working environment. These policies include recruitment, succession planning etc. Various communication mechanisms would be used to communicate the reviewed plan to both the employees and councillors. Information about the reviewed plan would be easily accessible to all levels of employees.

Once the plan has been reviewed it would be implemented in order to achieve reasonable progress towards employment equity of Buffalo City Metropolitan Municipality workforce and to comply with legislation.

4.5 IMPLEMENTATION OF THE EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM (EPMS):

BCMM has an EPMS for the City Manager and Managers directly reporting to him, as at 30 June 2012. However, an Employee Performance Management Framework has been drafted and approved by Council in July 2012, pending further consultation with Councillors and Unions.

BCMM intends commencing roll out of EPMS over a 3 year period with EPMS being rolled out to senior staff in the 2012/13 financial year.

Table 13 Annual performance as per KPIs in municipal transformation and OD

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	5 175	4 597	89%	Difficulty in filling due to scarce skills

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	9	6	66%	Director Executive Support, COO & CFO positions still vacant
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	30	11	36%	Shortage of funds
4	Percentage of Managers in Technical Services with a professional qualification	65	57	88%	
5	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	5175	3333	64%	Skills Audit Project is still in progress
6	Percentage of staff complement with disability	3	1	33%	Restructuring process to be finalized first. In addition, disabled persons are not applying for posts

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
					advertised.

4.6 MAJOR CHALLENGES AND REMEDIAL ACTIONS WITH REGARD TO HRM.

- Recruitment of certain categories of staff

Due to the scarce skills situation facing the entire country, BCMM has struggled to recruit certain categories of staff, specifically technically orientated posts such as:-

✓ **Financial** – City valuers, Accountant interns, Senior Accountants;

✓ **Engineers** – Senior Technicians, Technicians across all specialisms, such as water, electrical, civil engineering as well as engineers with degrees as opposed to a diploma;

✓ **Artisans** – particularly Senior Artisans such as plumbers, welders, mechanics, and operations supervisors;

✓ **Town planning**- such as civil engineers, town planners, draughtsman, land surveyors, qualified architects;

In order to address this situation, BCMM has developed a Talent management strategy, which has recommended the following:-

✓ Payment of **Professional Registration** for the scarce skills categories. This would encourage staff to maintain their professional status. This would go together with ensuring Continued Professional Development (CPD) for the professionals; Municipal officials mainly in the fields of Civil Engineering and Accounting have been assisted in the past financial year;

✓ **Training and Skills Development** Plan for scarce skills categories to address CPD and allow for interaction with professional colleagues. Interaction could be in the form of seminars, workshops and conferences, to mention a few;

✓ **Scarce Skills Allowances** is being implemented in the 2012/13 financial year for occupational categories which qualify. Council will be considering the matter in September for implementation of specific payments to staff.

✓ Internship and Learnership Programmes being implemented to address scarce skills; and

✓ Bursaries and Employee Study Assistance mainly focus on scarce skills study areas

CHAPTER 5: FINANCIAL PERFORMANCE

5.1 OVERVIEW

The institution achieved favourable operating results during the 2012 financial year, resulting in a surplus of R123m. This is a significant improvement from the prior year where a deficit of R228m was incurred. The key liquidity metrics are deemed to be adequate, maintaining a current asset ratio of 1, 48:1. In addition, cash holdings continued to cover total borrowings. The table below highlights the financial indices.

Rating History:	2012	2011
Long-term	za.A	za.A
Short-term	za.A1-	za.A1-

The credit rating was performed by an independent service provider appointed by Buffalo City Metropolitan Municipality.

Financial and Operating Statistics		
Description Financial Years ended 30 June	2012 R'm	2011 R'm
Net Assets	11,306	11,197
Borrowings	646	690
Investments	0,9	0,8
Net current assets	2,141	1,219
Receivables from exchange transactions	312	211
Cash and cash equivalents	1,520	739
Total revenue	3,591	3,039
Operating expenses	3,456	3,246
Operating surplus / (deficit)	123	(227)

The Annual Financial Statements was submitted to the Office of the Auditor-General on 31 August 2012. Subsequently thereafter adjustments to the Financial Statements were carried out in conjunction with the Auditor-General and the revised Annual Financial Statements were submitted to the Office of the Auditor-General on the 21 November 2012.

5.2 REVENUE AND EXPENDITURE OVERVIEW

The objective of Buffalo City Metropolitan Municipality is primarily the delivery of services to its residents. Revenue income is generated from property taxes, service charges (refuse and sanitation) and from the sale of water and electricity. A breakdown of the gross revenue per source is as follows:

Revenue Sources				
	2012		2011	
	R'm	%	R'm	%
Property Rates	522,5	14,5	453,3	14,9
Grants	905,9	25,2	901,6	29,7
Electricity	1137,2	31,7	924,5	30,4
Water	239,6	6,7	200,2	6,6
Other Service Charges	377,9	10,5	338,4	11,1
Other Income	408	11,4	220.8	7,3
Total Revenue	**3 591,1**	**100,0**	**3 038,8**	**100,0**

A breakdown of operating expenses per major category is as follows:

Operating Expenses				
	2012		2011	
	R'm	%	R'm	%
Bad Debts	58.2	1,7	210,9	6,5
Electricity Purchases	787,9	22,7	634,1	19,4
Water Purchases	127,4	3,7	137,2	4,2
Depreciation	513,0	14,8	508,8	15,6
Employee Costs	952,7	27,5	860,7	26,4
Interest Paid	70,5	2,0	58,6	1,8
Other expenses	747.7	21,6	662,4	20,3
Repairs and maintenance	210,6	6,1	193,3	5,9
Total Expenditure	**3468,0**	**100,0**	**3266,1**	**100,0**

In the 2012 financial year the City received R3.5 billion in revenue. The major contributor of its revenue from its own sources was the sale of electricity which comprised 31,7% followed by property rates (14,5%) of the total revenue. Total grants received was R 905,9 million (25,2% of total revenue) which includes equitable share and provincial grants, however, this has reduced as a percentage of total revenue when compared with R 901,6m (29,6%) received in the 2011 financial year.

Buffalo City's property valuation demonstrates a well-diversified and stable tax base for future revenue generation.

Water distribution losses remain high at 47.28%. The City has set a target to reduce the distribution losses to 30% over the medium to long term.

Electricity losses for the current year is 12.61%, BCMM provides electricity to urban and semi-urban areas within its demarcated boundary area whereas Eskom is tasked with providing this service to the rural areas.

In line with National Treasury Macro policy and projected inflation target, the City adopted a conservative and prudent approach in its budgeting. The expenditure incurred by the Directorates was within the 2012 budget.

Expenditure growth increased by 6,1% and was below the revenue growth of 18,2%, which resulted in an operating surplus of R123 million for the year ending 30 June 2012.

Municipal services are labour intensive and staff remuneration normally constitutes a large proportion of the municipality's expenditure budget. The employee cost-to-expenditure ratio of Buffalo City is at 27,6% which reflects a moderate increase from the 26,5%: 2011 financial year.
Electricity purchases comprise 22,8% of total expenditure which increased by 3.3% when compared with 19,5% in 2011 financial year.

The purchase of water comprises 3,7% of expenses as Buffalo City Metro controls most of its water resources which has slightly decreased from 4,2% in the 2010/11 financial year.

Buffalo City's maintenance costs comprise 6,1% of total expenses when compared with 6,0: 2011 and 1,9% of the carrying value of its total fixed assets (1,7%: 2011). The City is striving to increase the deferred maintenance budget to ensure that the infrastructure assets are adequately maintained at a level so as to generate the desired revenue.

5.3 LIQUIDITY MANAGEMENT

Buffalo City's liquidity position is considered to be above average when compared to other Metros. The city has an active cash management system in operation to control this crucial aspect of its finances. Over the last decade municipalities have been burdened by a culture of non-payment for services, resulting in generally low collection rates and thereby increasing debt book debtor's balances.

During 2012 Buffalo City's gross debtors grew by 15,7%(11,9%; 2011) to R952,6 million(R823,3m; 2011) due to the continued non-payment for services which has resulted in BCMM having to make a contribution to the bad debt provision and by increasing its tariff to ensure a fully funded budget. The

net debtors after provisions for bad debt increased from R291.4 million to R423.7 million. The average debtors' collection over a twelve month period as a percentage of total billing is 92.46%. The age analysis of Buffalo City's outstanding debtors indicates balances older than 120 days of R587.8 million however provisions totalling R528.9 million were raised against them.

Days	2012	2011	2010	2009	2008
	R'm	R'm	R'm	R'm	R'm
Current	242,9	226,3	191,5	144,7	144,6
60 Days	50,8	40,4	37,1	31,3	24,6
90 Days	42,0	29,9	23,3	21,8	20,0
120 Days	28,8	23,4	20,4	27,3	12,0
120+ Days	587,8	503,2	463,1	381,2	344,9
Gross debtors	952,6	823,3	735,4	606,3	546,1
Provisions	528.9	531,9	347,2	341,5	242,0
Net debtors	423,7	291.4	388,2	264,8	304,1

5.4 STATEMENT OF FINANCIAL PERFORMANCE (TABLE 4.2.1)

Analysis of Revenue and Expenditure

	2011/12 R' m	2010/11 R' m
Total Income	3 591	3 039
% Increase over previous year	*18%*	*10%*
Total Expenditure	3 468	3 266
% Increase over previous year	*6%*	*18%*
Surplus / (Deficit)	123	(228)
Budgeted Expenditure	3 723	3 301
% Increase over previous year	*13%*	*13%*
Salaries	953	861
% Of income	*27%*	*28%*
% Of expenditure	*28%*	*27%*
% Increase over previous year	*11%*	*11%*
Number of Employees	4 523	4 572
% Increase / (Decrease) over previous year	*(1%)*	*(1%)*
Repairs and Maintenance	211	193
% Of expenditure	*6%*	*6%*

	2011/12	2010/11
	R' m	R' m
% Increase over previous year	*9%*	*10%*
Depreciation	513	509
% Of expenditure	*15%*	*16%*
% Increase over previous year	*1%*	*6%*
Finance Costs	70	59
% Of expenditure	*2%*	*2%*
% Increase / (Decrease) over previous year	*19%*	*(5%)*
Grant Income	906	902
% Of total income	*25%*	*30%*
% Increase /over previous year	*0,4%*	*12%*

The net surplus for the period under review (2011/12) amounted to R123 million when compared to the deficit of R 228 million in 2010/11.

The revenue growth was higher than the expenditure growth in the past year (Revenue: 18%, Expenditure: 10%) and the major reason for this is the allocation of the Fuel Levy, which is a new revenue stream for the Metropolitan Municipalities.

(a) Revenue

In the 2011/12 financial year 25% of BCMM's total revenue comprised Government Grants (2010/11: 30%;). This has decreased in percentage from the previous two financials years implying less reliance on grant funding to provide basic services to the Community.

Increasing tariffs to improve own revenue is still a challenge as these results in an increase in the Debtors' book due to the non-affordability by Consumers. In this regard, the City has to embark on a complete review process of its tariff structures in order to ensure that each service is self-sustainable and does not rely on cross subsidization from other services.

Revenue generated must also be able to accommodate future funding for maintenance, upgrading and replacement of infrastructure assets to sustain and enable growth in the region.

(b) Expenditure

Repairs and maintenance remained stable at a rate of 6% (2010/11 6%). Repairs and Maintenance desired target is set at 10% of the total operating budget. The directorates are requested to produce detailed maintenance plans for the city in the 2012/13 MTREF budget period.

Depreciation has increased by 1% when compared to the prior year. This is due to infrastructure assets that were in the work –in- progress phase now having been capitalised.

Human resource costs as a proportion of operating income is 27% and this has decreased by 1% compared to 2010/11.

(c) Inflationary Costs

BCMM adopts a prudent approach during its budget processes by ensuring that the macro-economic inflation forecast as disclosed by National Treasury are adhered to.

In preparing the MTREF budget Directorates interact with the Budget Office in order to review the departmental expenditure budget so that its costs are reflective of its operations, to ensure that the resources are efficiently and effectively utilized and business operations are re-engineered to comply with budget constraints.

In order to contain inflationary costs the institution regularly reviews the contracts of the service providers in relation to prevailing market conditions to determine whether the best price for the service is achieved.

General expenses budget has remained static for the past two financial years except for fuel, rental and repairs and maintenance.

BUFFALO CITY METROPOLITAN MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

	Actual 2012 R	Budget 2012 R	Variance R	Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	522 514 480	519 835 876	(2 678 604)	(1)	
Service Charges	1 754 709 786	1 727 532 083	(27 177 703)	(2)	
Rental of Facilities and Equipment	13 387 803	12 759 013	(628 790)	(5)	
Dividends Received	-	60 334	60 334	100	Budgeted dividends not realised
Fines	5 455 740	10 656 828	5 201 088	49	Under collection of traffic fines can be attributed to: - cases withdrawn and or struck off the roll by the cports; - fines with a value of less than R300 are struck off the roll after 12 months; - warrants of arrest are cancelled after 2 years; - Traffic Contravention System in KWT not in operation as of January 2012, court lists and outstanding warrants of arrest cannot be generate, - camera mailers i.r.o speeding offences returned by the Post Office as undelivered; - warrants of arrests for persons outside BCMM boundaries not authorised.
Government Grants and Subsidies	718 771 792	763 689 501	44 917 709	6	
Licences and Permits	15 707 755	15 391 120	(316 635)	(2)	
Other Income	290 848 859	346 216 103	55 367 244	16	This consists of various items that were not fully realised
Interest Earned - External Investments	58 688 995	30 191 671	(28 497 324)	(94)	Realised more interest from investment than anticipated
Interest Earned - Outstanding Debtors	23 919 884	22 036 058	(1 883 826)	(9)	
Total Revenue	**3 404 005 093**	**3 448 368 587**	**44 363 494**	**1**	
EXPENDITURE					
Executive Mayor	106 743 952	127 377 542	20 633 590	16	Under expenditure on operating projects, general expenses and repairs & maintenance
Municipal Manager	35 238 762	40 654 267	5 415 505	13	Under expenditure on operating projects, general expenses and repairs & maintenance
Chief Operations Officer	58 986 402	120 772 005	61 785 603	51	Under expenditure on operating housing projects
Finance	308 793 553	322 692 364	13 898 811	4	
Corporate Services	88 825 026	104 894 927	16 069 901	15	Under expenditure on operating projects, general expenses and repairs & maintenance
Engineering Services	1 994 270 923	2 079 821 684	85 550 761	4	
Planning & Economic Development	197 916 069	208 691 448	10 775 379	5	
Health and Public Safety	243 535 350	264 470 642	20 935 292	8	
Community Services	421 644 032	454 452 887	32 808 855	7	
Total Expenditure	**3 455 954 068**	**3 723 827 766**	**267 873 698**	**7**	
NET SURPLUS/(DEFICIT)	**(51 948 975)**	**(275 459 179)**	**(223 510 204)**	**81**	
Tranfers Recognised - Capital (PPE)	187 131 453	570 538 993	383 407 540		
Tranfers to offset Depreciation		310 740 544	310 740 544		
share of deficit from associate entity	**(12 087 832)**				
NET SURPLUS/(DEFICIT) FOR THE YEAR	123 094 645	605 820 358	470 637 881	**78**	

NOTES

Revenue per the AFS includes transfers recognised R 187 131 453

5.5. BUDGET TO ACTUAL SPENDING ON CAPITAL PROJECTS -PER FUNDING SOURCE

5.5.1 Capital Expenditure and Funding

The following table compares Buffalo City's actual capital expenditure, spanning the two years 2010/11 to 2011/12.

Capital spending has decreased to 53% of the budget when compared to the previous year. Some of the reasons for the low expenditure is as follows:

- Tenders awarded, however appointment and implementation of projects not proceeding due to legal challenges from unsuccessful bidders.
- Procurement processes and implementation of projects delayed due to budgeting prior receipt of EIA approvals for housing projects
- Funding of multi-year projects budgeted for in one financial year
- Non development of demand management plans which should guide the planning and project management processes of each project

Table B9: Capital Expenditure

Capital Expenditure Per Service	2011/12 Budget R m	2011/12 Actual R m	2010/11 Budget R m	2010/11 Actual R m
Housing	69.8	14.0	23.5	6.3
Electricity	47.0	35.2	69.4	57.6
Market	3.0	0.5	8.3	4.4
Water	40.7	20.6	108.1	75.3
Waste Management	167.3	63.3	80.3	68.9
Roads	105.5	52.7	97.8	79.2
Other	298.2	92.6	367.1	106
Total Capital Expenditure	731.5	278.9	754.5	397.7

Table B10: Capital Expenditure per Funding Source

Capital Expenditure Funding Source	2011/12 Budget R m	2011/12 Actual R m	2010/11 Budget R m	2010/11 Actual R m
Grant Funding	576.4	187.1	434.4	228.6
Loan Funding	27.7	27.2	72.3	53.7
Own Funding	127.4	64.6	247.8	115.4
Total Capital Expenditure	731.5	278.9	754.5	397.7

The table above reflects that the capital infrastructure is currently mainly upgrading depending on grant funding.
In the 2011/12 financial year 79% of the capital budget was funded through grant funding (2010/11: 58%; 2009/10: 50%) followed by own funding of 17% (2010/11: 33%; 2009/10: 28%) and loan funding of 4% (2010/11: 9%; 2009/10: 22%).

Going forward added emphasis needs to be placed on Loan and Own Funding to finance revenue for capital projects.

5.5.2 Budget to actual spending on Capital projects - Per Dora Grant Table 4.2.5

Of the R731.5 million Capital projects budget , R576.4 million was funded from Grants. This R576.4 million included conditional grants (DoRa grants) amounting to R533. 3 million.
As at 30th June 2012, 34% of these conditional grants were spent on Capital Projects.

Table 4.2.5 Budget to Actual spending on Capital Projects (Per DoRa grant)

Funding/Grant	2011/2012 Conditional Grants Received R	2011/2012 Mid-Year Adjustment Budget	YTD Expenditure R
Electricity Demand Side Management	4 000 000	4 000 000	3 926 791
DoE(Integrated National Electrification Programme)	26 895 000	26 895 000	20 641 201
Public Transport Infrastructure Grant	180 000 000	100 000 000	1 283 135
Urban Settlement Development Grant	409 233 906	364 882 406	151 552 358
Municipal Infrastructure Grant	-	37 500 889	2 987 486
TOTAL	620 128 906	533 278 295	180 390 971

FUNDING SOURCE		UNSPENT BALANCE 01/07/2011	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2012
NATIONAL GOVERNMENT	OTHER	124 253 142	-	6 652 640	(368 006)	-	-	130 537 775
	DEPT OF ENERGY	5 738 975	-	-	-	(150 000)	-	5 588 975
TOTAL NATIONAL GOVERNMENT		**129 992 117**	**-**	**6 652 640**	**(368 006)**	**(150 000)**	**-**	**136 126 750**
PROVINCIAL GOVERNMENT	DEPT OF HOUSING LOCAL GOVT & TRADITIONAL AFFAIRS	8 560 228	276 841	11 020	(716 772)	(108 509)	(483 602)	7 539 207
	DEPT OF WATER AFFAIRS	-	18 344 981	-	(18 927 832)	-	1 187 278	604 427
	HUMAN SETTLEMENT DEVELOPMENT GRANT	5 184 494	30 463 115	848 928	(27 857 649)	(4 100 081)	-	4 538 807
	DEPT OF HEALTH	6 898 084	5 413 967	-	-	-	(1 088 931)	11 223 120
	OTHER - PROVINCIAL GOVERNMENT	10 174 182	-	477 349	-	(432 579)	-	10 218 952
	LOCAL GOVT & TRADITIONAL AFFAIRS	1 267 252	-	-	-	-	-	1 267 252
	DEPT OF SPORTS, RECREATION, ARTS & CULTURE	11 656 254	-	-	-	(1 219 208)	-	10 437 046
	DEPT OF ECONOMIC AFFAIRS & TOURISM	152 936	-	-	(25 810)	-	-	127 126
TOTAL PROVINCIAL GOVERNMENT		**43 893 430**	**54 498 904**	**1 337 297**	**(47 528 063)**	**(5 860 377)**	**(385 255)**	**45 955 937**
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS		**17 482 961**	**5 664 707**	**174 523**	**(2 061 099)**	**(730 105)**	**(3 235 123)**	**17 295 865**
TOTAL		**191 368 508**	**60 163 611**	**8 164 460**	**(49 957 168)**	**(6 740 482)**	**(3 620 378)**	**199 378 552**

The above table reflects all grants, donations and public contributions excluding Division of Revenue Act (DoRA) allocation.

5.6 MEETING OF DONORS' REQUIREMENTS IN RESPECT OF CONDITIONAL GRANTS

All the conditions of the grants have been met. The under expenditure on grants have been caused by the delays in implementing the projects due to supply chain management challenges that were experienced during the 2010/2012 financial year.

5.7 LONG TERM CONTRACTS ENTERED INTO BY THE MUNICIPALITY

The municipality does not have any long term contracts exceeding a period of more than three years

5.8 SUPPLY CHAIN MANAGEMENT

During the financial year under review (2011/12) the Supply Chain Management unit had set the following strategy, indicators and targets under Key performance area of Financial Viability:

5.8.1 Financial Viability

Table 1: Annual performance as per key performance indicators on SCM:

Key performance area	Strategy	Indicator name	Baseline	Target set for the year 2011/12	Achievement level during the year
Financial viability	Review and implement supply chain management policy and procedures	Reduction in turnaround time for formal tenders	4 months (average)	3 months	< 3 months
		Reduction in turnaround time for informal tenders	6-8 weeks (average)	2 weeks	2.5 weeks

The above set targets were not met on the awards of informal tender and were just over 2 weeks, but were met for the formal and annual tenders at just within 90 days of validity.

5.8.2 Further breakdown of the SCM tender processes are as follows:

Type of tender	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
Informal	15	48	35	72	170
Formal	15	24	20	15	74
Annual	8	7	7	15	37
Total	38	79	62	102	281
Value	R46 484 528.73	R171 463 060.93	R516 646 845.52	R292 398 401.41	R1 026 992 836.59

The following were notable achievements for the SCM unit during the year under review

i. Publication of awards in the Municipal website as per MFMA requirements;
ii. Formal appointments of bid committee members by the Accounting Officer;
iii. Installation of surveillance cameras and installation of access control to control access to main areas.
iv. Adoption of the reviewed 2011/12 Supply Chain Management Policy by Council
v. Development of Movable Assets Disposal Procedure
vi. Completeness of the contracts and commitment registers
vii. Complete archiving and safe storage of tender documentation

Challenges at supply Chain Management Unit

i. Trade creditors section still within SCM unit;
ii. Recruitment of competent, honest, moral staff (with integrity);
iii. Existence of satellite stores within Metro resultant in stock inventory discrepancy;
iv. Irregular expenditure transaction within the supply chain system;

Remedial action

i. Centralization of Trade Creditors Section within the Finance Department;
ii. Integration of all stores under SCM;
iii. Continuous enhancement and systematic integration of staff through micro structure processes

5.9 ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN FINANCIAL VIABILITY

These financial indicators are based on the audited Annual Financial Statements for the year ended 30 June 2012 .

	FINANCIAL INDICATOR	METHODOLOGY	30 JUNE 2012	30 JUNE 2011
1	Debt to Revenue	Total debt / Annual income	24%	32%
2	Current ratio	Current assets / current liabilities	1.48:1	1.41:1
3	Liquid Ratio	Cash assets / current liabilities	1.40:1	1.25:1
4	Debtors collection rate	Year to date receipts / Year to date billing	92.5%	94.2%
5	Days Debtors Outstanding	Outstanding Debtors [net] / Total Income [annual] x 365	101	91
6	Personnel Costs To Operating Expenditure	Personnel Costs / Operating Expenditure	28.8%	27.3%
7	Debt to Assets Ratio	Total debt / Total assets	4.7	5.4
8	Cost Coverage	Cash resources / operating costs	3.3	1.6

5.10 ARREARS IN PROPERTY RATES AND SERVICE CHARGES

As at 30 June 2012 excluding provision for bad debt the arrears per service category in respect of rates and service charges is as follows:

SERVICE	TOTAL
Rates	157,614,951
Refuse	126,165,121
Electricity	44,599,370
Water	190,034,692
Sewerage	101,303,168
Housing	2,043,684
Sundries	87,866,204
Grand total	709,627,190

Over the last decade municipalities have been burdened by a culture of non-payment for services, resulting in generally low collection rates and increasing outstanding debtors' balances. The debt for the financial year increased by R78, 363,844 at a rate of R6, 530,320 per month. The arrears in respect of 30 days and more, which includes all charges, amounted to R709,627,190 as at 30 June 2012. The debtor's age analysis per service as at 30 June 2012 is as follows:

An amount of R61,264,325 in respect of Indigent rates and service charges was written off during the financial year.

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR JUNE 2012
30 DAYS	11,733,179	7,041,355	6,546,083	14,223,544	7,373,244	3,896,155	50,813,560
60 DAYS	9,814,389	6,554,367	3,282,855	12,229,566	7,029,977	3,135,246	42,046,400
90 DAYS	6,708,721	4,038,096	3,028,520	8,020,442	4,735,207	2,363,303	28,894,289
120 DAYS - 360 DAYS	39,993,394	21,985,759	14,316,844	45,149,001	25,137,766	18,224,779	164,807,543
YEAR 2	27,251,765	15,170,692	6,136,421	26,877,002	16,841,811	13,944,169	106,221,861
YEAR 3	21,435,442	13,018,985	4,741,798	26,341,730	18,991,525	13,973,516	98,502,995
YEAR 4	14,259,909	10,982,042	2,044,669	17,909,064	14,040,652	10,595,470	69,831,805
YEAR 5	8,570,172	7,012,380	939,581	10,695,316	8,673,205	7,574,925	43,465,579
YEAR 5+	17,847,979	15,499,492	3,562,600	28,589,028	23,341,734	16,202,324	105,043,156
TOTAL	157,614,951	101,303,168	44,599,370	190,034,692	126,165,121	89,909,888	709,627,190

The outstanding balances by service type is as follows:

Service Debtors	Gross Balances	Arrears (30 days plus)	Provision for Bad Debts	Nett Balance
Rates	196 165 077	157 614 951	-118 762 558	77 402 519
Cleansing	139 417 302	126 165 121	-95 065 173	44 352 130
Electricity	164 575 388	44 599 370	-31 203 959	133 371 429
Water	233 338 178	190 034 692	-139 785 764	93 552 415
Sewerage	116 942 793	101 303 168	-76 331 740	40 611 054
Housing Debtors	2 126 090	2 043 684	-1 539 912	586 178
Sundries (Billing)	100 026 228	87 866 204	-66 207 014	33 819 214
	952 591 056	709 627 190	-528 896 118	423 694 938

The outstanding balance related to the water service is of great concern. Water leaks due to ageing infrastructure and wastage remain a problem. Household consumers also owed the largest portion of the debt.

The primary reason for the increase related to the debt of indigent debtors. In terms of the credit control policy, debt of indigent debtors is written off once the applicable credit control action has been implemented.

During 2011/12 the Municipality also completed an in-depth billing debt book analysis related to debt up to 30 June 2012. It was deemed that at least 40% of the debt book is irrecoverable and should be written off.

Some of the initiatives undertaken in the 2011/12 financial year are as follows:

- Development and implementation of a Revenue Enhancement Strategy – The impact of this initiative has been to focus on quick wins related to cash collection and to address bottlenecks in the system.
- Billing debt book analysis – The impact of this initiative has been to determine the recoverability of debt and to clear the debt book if irrecoverable debt. This resulted in allocating resources in the correct way.
- Data cleanup of certain aspects of the debt book – The impact of this project has resulted in more effective billing and collection action as accounts have been cleaned up
- Implementation of expanded debt management operations – The impact of this initiative has been to allocate more resources to the entire debt collection function and to perform tasks that the department was not previously able to, such as field investigations, query resolution, debt analysis etc.
- Implementation of expanded meter reading operations – The impact of this has resulted in additional meter readers being employed and the procurement of a new meter reading management system. This goal is to produce credible meter readings.
- Appointment of collection agents – The impact of this project is that over R200m has been handed over for collection and is now in the legal process.

Additional disclosure requirements

The debt in respect of rates and services charges owed by national and provincial departments was included in the 2011/12 Annual Financial Statements. The 30 day + debt owed by the departments as at 30 June 2012 amounted to R4,718,834. During the financial year, credit control action was implemented against Government Departments to recover the amounts due to the municipality. The debt of government departments is reported to National Treasury on a monthly basis. No bad debt provisions were raised against this debt as it is deemed to be 100% recoverable.

Debt Ageing Category	Residential Customers	Business Customers	Government Customers	"Other Customers"	Total Debt
Current (0-30 days)	103 385 555	114 915 186	12 511 991	12 151 131	242 963 863
31-60 Days	35 034 159	11 131 834	1 089 261	3 558 307	50 813 561
61-90 Days	32 963 225	6 206 593	193 753	2 682 830	42 046 401
91-120 Days	20 766 327	4 931 523	601 906	2 594 533	28 894 289
121-365 days	114 827 789	25 840 401	1 621 884	22 517 469	164 807 543
+365 days	307 485 833	40 547 113	1 212 030	73 820 423	423 065 399
Sub total	**614 462 888**	**203 572 650**	**17 230 825**	**117 324 693**	**952 591 056**
Less Provision for bad debts	(398 619 999)	(54 278 387)	0	(75 997 732)	**(528 896 118)**
Total Debtors by Customer Classification	**215 842 889**	**149 294 263**	**17 230 825**	**41 326 961**	**423 694 938**

A schedule indicating the debt by ageing category is as follows:

Component C: Cash flow Management and Investments

Cash flow Management

Managing the cash resources of Buffalo City Metropolitan Municipality is a key requirement to ensure the liquidity of the Municipality in order to meet its financial obligations.

Cash flow is actively monitored by BCMM, daily cash flows are recorded and reported in order to provide clear indication of current cash position in order to meet obligations as they become due. Major revenue (Grants, Equitable share and high revenue inflow periods etc) and expenditure (Bulk purchases and loan repayments etc) categories have been identified and accounted for appropriately to ensure that repayments are made on time and that surplus funds are invested in order to earn the best return on investments.

BCMM's cash generation remains stable. While own funds invested have increased, there is an increase in debtors both current and long-term. The effects of the global economic crisis are also a cause of real concern to the City. Operations have settled and tight cash controls have ensured that cash optimization in spending occurs rather than a focus on cash generation. An area needing close monitoring will be that of revenue collection so that it can be improved. This is critical to the financial sustainability of the City.

BCMM makes payments to creditors within terms specified by suppliers ensuring that investments remain in place in order to maximise interest earning potential of any surplus funds. Investment

diversification is in practice at BCMM in an attempt to minimise risk and maximise interest earning potential.

CASH FLOW SUMMARY		
Cash flows from operating activities	2012	2011
Receipts	3 371 639 260	2 921 637 188
Payments	(2 723 656 771)	(2 582 785 517)
Net cash flows from operating activities	**647 982 489**	**338 851 671**
Net cash flows from investing activities	(277 730 838)	(393 901 563)
Net cash flows from financing activities	410 819 544	235 791 136
Net increase in cash and cash equivalents	**781 071 195**	**180 741 244**
Cash and cash equivalents at the beginning of the year	740 212 332	559 471 133
Cash and cash equivalents at the end of the year	**1 521 283 527**	**740 212 377**
* Financial information extracted from consolidated AFS 30 June 2012		

Operating activities have not changed significantly over the past financial year with receipts ending on R 3,371 billion from R 2,922 million: 2010/11 and improvement of 15%. The payments have increased even less to R 2,724 billion from R 2,583 million which represents a 5% increase over the past financial year.

The cash flow summary clearly indicates the dramatic increase in Cash and Cash Equivalent at year end to R 1,521 billion from R 740 million: 2010/11. As mentioned above some of the key factors that have resulted in the increase is due to new grants been allocated to the Metro and under spending.

Investments

Allocation of external investments (short-term deposits)	2012	2011
Unspent conditional grants	798,515,763	346,141,548
Borrowing current repayments	24,224,397	1,948,536
Cash flow committed to operating and capital projects	111,897,042	42,876,769
BCMET	1,798,913	2,011,123
Own funding (operating account commitments)	527,774,960	302,968,806
Total short-term deposits	**1,464,211,075**	**695,946,782**
* Financial information extracted from consolidated AFS 30 June 2012		

The city's investments held with financial institutions have increased significantly to R 1,464 billion from R 696 million: 2010/11. Factors that have resulted in this increase relates to the City becoming a Metropolitan, thus receiving additional grants, the Fuel levy being an example of one such grant that has resulted in an increase in investments.

Unspent conditional grants have also increased significantly to R 798 million from R 346 million: 2010/11. Although this is seen as indicator of poor service delivery it needs to be noted that the grants have been committed and are cash backed for when the projects start.

Audit Report

Buffalo City Metropolitan Municipality

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE BUFFALO CITY METROPOLITAN MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated and separate financial statements of the Buffalo City Metropolitan Municipality and its subsidiaries set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2012, the consolidated and separate statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (as amended) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment

6. Disclosed in the statement of financial position and note 14 is property, plant and

equipment of R11,3 billion. The following are findings that relate to this balance:

7. Property, plant and equipment totalling R3 billion (2011: R401,9 million) that meets the recognition criteria of GRAP 17: *Property, plant and equipment* was incorrectly omitted from the amounts recorded in the financial statements, resulting in an understatement of R3 billion. Furthermore, in prior years, the municipality had not determined reasonable depreciated replacement costs for infrastructure assets in accordance with Directive 7: *The application of deemed cost on the adoption of Standards of GRAP*, nor had it determined reasonable fair values in respect of land in accordance with GRAP 17: *Property, plant and equipment*. No adjustments were made to these amounts in the current year and, as a result, property, plant and equipment is understated by R517,2 million (2011: R517,2 million). Consequently, property, plant and equipment and the accumulated surplus are understated by R3,5 billion (2011: R919,1 million).

8. The municipality did not correctly apply the recognition and measurement requirements set out in GRAP 17: *Property, plant and equipment*. Assets totalling R450,2 million (2011: R131,4 million), which were not owned or under the control of the municipality, were incorrectly recognised, resulting in an overstatement of R450,2 million in property, plant and equipment. Furthermore, the municipality did not recognise impairments against items of property, plant and equipment where it was found to have been impaired and additions to property, plant and equipment were recorded at the incorrect cost, resulting in an overstatement of R586,2 million. Consequently, property, plant and equipment is overstated by R1 billion (2011: R131,4 million), the accumulated surplus is overstated by R450,2 million (2011: R131,4 million) and expenditure is understated by R586,2 million.

9. Included in property, plant and equipment for the prior year is work in progress and infrastructure assets made up of water, waste water network and roads. The municipality incorrectly classified certain work in progress as infrastructure assets resulting in an overstatement of infrastructure assets and an understatement of work in progress of R112,4 million in the comparative amounts of note 14 to the financial statements.

10. The municipality did not provide sufficient appropriate audit evidence for land and buildings of R4,3 billion (2011: R4,3 billion) and infrastructure assets of R6,4 billion (2011:R 6,4 billion) as disclosed in note 14 under property, plant and equipment in the statement of financial position. I was unable to confirm these balances by alternative means. Consequently, it was not possible to determine whether any adjustments to these amounts were necessary.

Investment property

11. The municipality used the fair value model as described in GRAP 16: *Investment property* to value investment properties. The size and value per square metre of a number of properties were incorrectly captured in the financial records, resulting in an understatement of R391,1 million (2011: R391,1 million). In addition, the asset register supporting the disclosure in the financial statements incorrectly included investment properties of R30,5 million (2011: R13,2 million) that are not owned by the municipality, and excluded properties of R288,1 million (2011: R67,5 million) that are owned by the municipality. Consequently, investment property as disclosed in note 12 and the accumulated surplus in the statement of changes in net assets are understated by R648,7 million.

Irregular expenditure

12. The municipality did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure disclosed in note 54 to the financial statements is understated by R161,8 million (2011: R122,4 million) in respect of amounts incurred during the year that were identified during the audit process. Due to the lack of systems to identify non-compliance with the supply chain management regulations, it was impracticable to determine the full extent of the understatement of irregular expenditure disclosed as R663 million (2011:227 million) in note 54 to the financial statements. Consequently, I was unable to determine whether any further adjustments to the irregular expenditure in the financial statements were necessary.

13. In addition, the municipality could not provide sufficient appropriate audit evidence to confirm that the SCM requirements had been adhered to for the procurement of all goods and services. The records of the municipality did not permit the application of alternative procedures. Consequently, I was unable to confirm whether any further adjustments relating to irregular expenditure in the financial statements were necessary.

Depreciation

14. Depreciation and amortisation of R513 million is disclosed in the statement of financial performance and note 38 to the financial statements. GRAP 17: *Property, plant and equipment* requires that items of property, plant and equipment be carried at cost less any accumulated depreciation and accumulated impairment losses. The municipality incorrectly recognised depreciation on items of property, plant and equipment that did not meet the recognition criteria of an asset. Consequently, depreciation and accumulated depreciation are overstated by R28 million.

15. Sufficient appropriate audit evidence could also not be provided to substantiate depreciation, as it was not possible to confirm the existence of all assets to which the depreciation charge relates. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustments relating to depreciation disclosed as R513 million in the financial statements were necessary.

Service charges

16. Due to inaccurate record keeping, the municipality did not bill for certain electricity, water and sewerage services rendered during the 2010-11 financial year. As a result, the comparative service charges of R1,5 billion as disclosed in note 29 to the financial statements is understated by R47,8 million. Similarly, the comparative for receivables from exchange transactions as disclosed in the statement of financial position is understated by the same amount.

Aggregation or accumulation of immaterial uncorrected misstatements

17. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position and the disclosure notes to the financial statements:

Statement of financial position – comparative figures

- Receivables from non-exchange transactions for the prior year reflected as R91,3 million in the statement of financial position and note 7 to the financial statements is understated by R32,2 million.

- VAT receivable for the prior year reflected as R37,5 million in the statement of financial position and note 8 to the financial statements is understated by R4,1 million.

Disclosure notes

- Commitments reflected as R381,1 million in note 45 to the financial statements is overstated by R7,2 million.
- Fruitless and wasteful expenditure reflected as R1 million in note 53 to the financial statements is understated by R4,4 million.
- Contingent liabilities reflected as R173,5 million in note 60 to the financial statements are overstated by R24,8 million.

In addition, I was unable to obtain sufficient appropriate audit evidence and confirm or verify the following elements by alternative means:

- Payables from exchange transactions of R8,2 million included in the disclosed amount R369,6 million in the statement of financial position and note 21 to the financial statements for the 2011 financial year.
- Contingent liabilities of R5,8 million included in the disclosed amount of R173,5 million in note 60 to the financial statements.

As a result, I was unable to determine whether any further adjustments to these elements were necessary.

Qualified opinion

18. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Buffalo City Metropolitan Municipality and its subsidiaries as at 30 June 2012 and their financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

19. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

20. As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during the year ended 30 June 2012 in the financial statements of the municipality at, and for the year ended, 30 June 2011.

Material losses and impairments

21. Disclosed in note 6 to the financial statements are impairments of R343,9 million that were recognised in respect of trade and other receivables from exchange transactions.

22. Disclosed in note 7 to the financial statements are impairments of R185 million that were recognised in respect of trade and other receivables from non-exchange transactions.

23. As disclosed in note 56 to the financial statements, material water losses of 47,28% and material electricity distribution losses of 12,61% to the amount of R202,7 million have not been recovered from consumer debtors.

Material underspending of the budget

24. As disclosed in note 61 the municipality materially underspent the operating expenditure budget to the amount of R1,3 billion and the capital budget to the amount of R494,3 million.

25. As disclosed in note 22 to the financial statements, the municipality materially underspent conditional grants to the amount of R787,7 million.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

26. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

27. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.

28. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

29. The reliability of the information in respect of the selected development priorities or objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

30. The material findings are as follows:

Usefulness of information

31. Improvement measures in the annual performance report for a total of 28% of the planned targets not achieved were not disclosed, as required by section 46 of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures for the processes pertaining to the reporting of performance information.

32. A total of 83% of the measures taken to improve performance in the annual performance report were not supported by adequate and reliable corroborating evidence, as required by section 46 of the MSA. This was due to inadequate internal policies and procedures for the processes pertaining to the reporting of performance information.

33. Section 41(c) of the MSA requires that the integrated development plan (IDP) should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 27% of the reported indicators and 51% of the reported targets were not consistent with the indicators and targets as per the approved IDP. This was due to no, or limited, review

and monitoring of the completeness of reporting documents by management, the audit committee and the internal audit unit.

34. The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 47% of the targets were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was not aware of the requirements of the FMPPI and did not receive the necessary training to enable application of the principles.

35. The FMPPI requires that performance targets be measurable. The required performance could not be measured for a total of 45% of the targets. This was due to the fact that management was not aware of the requirements of the FMPPI and did not receive the necessary training to enable application of the principles.

36. The FMPPI requires that the time period or deadline for delivery be specified. A total of 93% of the targets were not time bound in specifying a time period or deadline for delivery. This was due to the fact that management was not aware of the requirements of the FMPPI and did not receive the necessary training to enable application of the principles.

37. The FMPPI requires that indicators should have clear, unambiguous data definitions so that data can be collected consistently and is easy to understand and use. A total of 95% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was not aware of the requirements of the FMPPI and did not receive the necessary training to enable application of the principles.

38. The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 33% of the indicators were not verifiable in that valid processes and systems that produced the information on actual performance did not exist. This was due to a lack of key controls in the relevant systems of collection, collation, verification and storage of actual performance information. In addition, management was not aware of the requirements of the FMPPI and did not receive the necessary training to enable application of the principles.

Reliability of information

39. The FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance and that systems producing the indicator be verifiable. A total of 77% of the actual reported performance relevant to KPA 2: basic service delivery and infrastructure development, KPA 3: local economic development and KPA 4: municipal financial viability and management was not accurate and valid when compared to source information. This was due to a lack of monitoring, review and standard operating procedures for the recording of actual achievements by senior management.

40. I was unable to obtain sufficient, appropriate audit evidence to satisfy myself as to the completeness of the actual performance reported in the annual performance report. This was due to a lack of a document management system.

Additional matter

41. I draw attention to the matter below. This matter does not have an impact on the audit findings on predetermined objectives reported above.

Achievement of planned targets

42. Only 40% of the planned targets were achieved during the year under review. This was due to the fact that indicators and targets were not suitably developed during the strategic planning process and the budget that was not aligned to the IDP. In addition there was a lack of review and monitoring in respect of performance reporting.

Compliance with laws and regulations

43. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Strategic planning and performance management

44. The municipal council did not consult with the local community in the drafting and implementation of the municipality's IDP by means of a municipal-wide structure for community participation or through a forum that enhances community participation, as required by section 28 of the MSA and Local Government: Municipal Planning and Performance Management Regulation 15(1)(a)(i).

45. The municipality did not conduct its affairs in a manner that was consistent with its IDP, as required by section 36 of the MSA and Local Government: Municipal Planning and Performance Management Regulation 6.

46. The municipality's performance management system was not in line with the priorities, objectives, indicators and targets contained in its IDP and did not provide for procedures by which the system is linked to the municipality's integrated development planning processes, as required by section 38(a) of the MSA and Local Government: Municipal Planning and Performance Management Regulation 7(2)(e).

47. The municipality did not perform or implement the following in respect of performance management:

    - Set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its IDP.

    - Monitor performance with regard to each of those development priorities and objectives and against the key performance indicators and targets set.

    - Measure and review performance at least once per year with regard to each of those development priorities and objectives and against the key performance indicators and targets set.

    - Take steps to improve performance with regard to those development priorities and objectives where performance targets are not met, as required by section 41 of the MSA.

Annual financial statements, performance report and annual report

48. The annual performance report for the year under review did not include the performance of the municipality and external service providers, a comparison of the performance with set targets, and measures taken to improve performance, as required by section 46(1)(b) of the MSA.

49. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Audit committee

50. An audit committee was not in place for the full year, as required by section 166(1) of the MFMA. As a result, the audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA. A performance audit committee was not in place for the full year and the audit committee established in terms of section 166(1) of the MFMA was not used for this function, as required by Local Government: Municipal Planning and Performance Management Regulation 14(2)(a).

51. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by Local Government: Municipal Planning and Performance Management Regulation 14(4)(a)(ii).

52. The audit committee did not review the quarterly internal audit reports on performance measurement, as required by Local Government: Municipal Planning and Performance Management Regulation 14(4)(a)(i).

53. The audit committee did not submit an audit report on the review of the performance management system to the council at least twice during the financial year, as required by Local Government: Municipal Planning and Performance Management Regulation14(4)(a)(iii).

Internal audit

54. The internal audit unit did not audit the results of performance measurements, as required by section 45(1)(a) of the MSA and Local Government: Municipal Planning and Performance Management Regulation 14(1)(a).

55. The internal audit unit did not assess the functionality of the performance management system, as required by Local Government: Municipal Planning and Performance Management Regulation 14(1)(b)(i).

56. The internal audit unit did not audit the performance measurements on a continuous basis and did not submit quarterly reports on their audits to the municipal manager and the performance audit committee, as required by Local Government: Municipal Planning and Performance Management Regulation 14(1)(c).

Expenditure

57. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.

58. An effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, was not in place, as required by section 65(2)(a) of the MFMA.

59. An adequate management, accounting and information system was not in place to recognise expenditure when it was incurred and account for creditors and payments made, as required by section 65(2)(b) of the MFMA.

60. The accounting officer did not take effective steps to prevent irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

61. Fruitless and wasteful expenditure was not recovered from the liable person, as required by section 32(2) of the MFMA.

Asset management

62. An adequate management, accounting and information system that accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

63. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Financial misconduct

64. Disciplinary hearings did not commence within three months of the resolution to institute disciplinary action, as required by Disciplinary Regulation for Senior Managers 10(1)(a).

65. All instances of financial misconduct where sanctions were imposed were not reported to the member of the executive council for finance, as required by Disciplinary Regulation for Senior Managers 12(3).

Conditional grants

66. The municipality did not submit a draft performance framework by 30 March 2011, the final approved performance framework by 7 June 2011, and the human settlement and built environment performance framework prior to receipt of its first instalment of the grant allocation, as required by the DoRA framework issued in Gazette No. 34280.

67. The municipality did not submit the 2010-11 annual report to the national Department of Human Settlement on or before 30 September 2011 and to the National Treasury by 15 December 2011, as required by the DoRA framework issued in Gazette No. 34280.

68. The municipality did not certify to the National Treasury that it had made public the conditions of the schedule for allocation, as required by section 11(2)(a) of DoRA.

Human resource management

69. The municipal council did not consult with, and obtain approval from, the member of the executive committee for local government before awarding salary adjustments, as required by section 7(3) of the Remuneration of Public Office Bearers Act of South Africa, 1998 (Act No. 20 of 1998).

70. The council did not obtain the accounting officer's input regarding the organogram, as required by section 66(1) of the MSA.

71. The competencies of financial and SCM officials were not assessed promptly in order to identify and address gaps in competency levels, as required by Municipal Regulation on Minimum Competency Levels 13.

72. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and the relevant provincial treasury, as required by Regulation on Minimum Competency Levels 14(2)(a).

73. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies, as required by Regulation on Minimum Competency Levels 14(2)(b).

74. The municipal manager and senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) of the MSA.

Procurement and contract management

75. Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, as required by SCM Regulation 17(a) and (c).

76. Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy, in contravention of SCM Regulations 16(b) and 17(b).

77. The performance of contractors and providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

78. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

79. Awards were made to providers who are persons in the service of the municipality or whose directors are persons in the service of the municipality, in contravention of SCM Regulation 44. Furthermore, providers failed to declare that they were in the service of the municipality, as required by SCM Regulation 13(c).

80. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM Regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA.

81. Persons in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM Regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA.

82. SCM officials and other SCM role players who or whose close family members/ partners/associates had a private or business interest in contracts awarded by the municipality participated in the process relating to that contract, in contravention of SCM regulation 46(2)(f).

83. Allegations of fraud or corruption and improper conduct and failure to comply with the supply chain management system laid against role players in the SCM system were not investigated as required by SCM Regulation 38(1)(b).

84. Appropriate action was not taken against role players in the supply chain management system where investigations proved fraud or corruption and improper conduct and failure to comply with the supply chain management system, as required by SCM regulation 38(1)(b).

85. The municipality did not implement an SCM policy as required by section 111 of the MFMA.

86. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as some of the requested information was not submitted for audit purposes and some information submitted was incomplete.

Internal control

87. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations.

Leadership

88. The political and administrative leadership did not take full ownership of the internal control environment and did not insist on daily disciplines to ensure efficiency and effectiveness in financial management, service delivery execution and compliance with laws and regulations, thus not setting the correct tone for the credibility of all reports of the administration.

89. There was a lack of integration within the municipality, as the different directorates planned, worked and reported in isolation. This has been reported for the past three years; however, the leadership and top management had not yet addressed this critical barrier towards ensuring alignment and cohesion. This has a negative impact on the performance of the municipality and its ability to prepare financial statements and an annual performance report that are free of misstatements.

90. Top and middle management positions were vacant for extended periods. This included the chief financial officer's position, which has been vacant for 33 months, while the accounting officer's position was only filled in March 2012, after 29 months. The continued absence of a permanent finance professional to lead and guide the municipality compromises sound financial management, as well as the effective implementation of the audit turnaround strategy.

91. The leadership has not addressed the challenges faced by the municipality's SCM unit during the past four financial years and has not implemented its SCM policy. This is largely as a result of inadequate capacity within the unit to implement the SCM policy, which is further aggravated by inadequate planning by the different directorates within the municipality. This is evidenced by the large amount of irregular expenditure incurred and the amount by which the budget was underspent.

92. The council has not acted on a resolution to reconstitute Buffalo City Development Agency (BCDA), as evidenced by the fact that a board of directors and no staff have been appointed. The BCDA incurred expenditure and is not regarded as dormant and must therefore comply with all applicable laws and regulations.

93. The information technology plan was not revised to reflect its alignment to the municipality's overall objectives and an information technology governance management framework had not been documented and adopted to ensure compliance with best practices.

Financial and performance management

94. The municipality did not introduce all the appropriate daily and monthly processes, procedures and controls to ensure that transactions were accurately recorded, classified, reconciled, approved and reported on in accordance with the GRAP framework and the FMPPI. These omissions hindered effective financial and performance management, reporting and oversight and if not appropriately addressed by the municipality it will impact the sustainability of the reported opinion.

95. The lack of financial discipline and monitoring throughout the financial year resulted in a

large amount of reconciliations and processing being performed after year-end. In addition, corrective measures to address prior period audit findings by management only took full effect after year-end, once the appointment of consultants was confirmed.

96. An audit turnaround strategy was approved by the council, but was not fully implemented before year-end, as evidenced by the recurring nature of material misstatements reported. The audit committee exercised oversight over the audit turnaround strategy, but management did not correct serious flaws identified by the committee before year-end.

97. SCM compliance awareness among officials across all functional areas was not at the desired level, as evidenced by the abnormal amount of irregular expenditure incurred.

98. Challenges still remain in ensuring that sufficient, appropriate audit evidence is available in the areas of SCM and property, plant and equipment, mainly as a result of inadequate documentation systems.

Governance

99. The effectiveness of the audit committee was compromised, as it did not meet four times during the year as required by legislation.

100. Management conducted a risk assessment and established risk registers, but these activities occurred too late in the financial year. As a result, insufficient strategies were devised by management to address significant risks, as confirmed by the audit committee.

101. Insufficient audit coverage by the internal audit unit on the critical areas of GRAP compliance and system assurance further challenged the municipality. This mainly stemmed from staff capacity constraints experienced by the internal audit unit.

OTHER REPORTS

Investigations

102. An independent organisation has been appointed to conduct investigations into alleged irregularities in procurement, contract management and payments made. The investigations were still ongoing at the reporting date.

Auditor-General

East London

7 December 2012

AUDITOR GENERAL
SOUTH AFRICA

Auditing to build public confidence

Appendix A: Councillors; Committee Allocation and Council Attendance- See Chapter 2

Appendix B: Committee and Committee Purposes- See Chapter 2

Appendix C: Third Tier Administrative structure

APPENDIX C

Buffalo City Metropolitan Municipality: Administrative Structure

The Buffalo City Metropolitan Municipality implements its Integrated Development Plan through its administrative structures headed by the Municipal Manager with the following Directorates:

- Municipal Manager's Office
- Directorate: Executive Support Services
- Directorate: Corporate Services
- Directorate: Planning & Economic Development
- Directorate: Engineering Services
- Directorate: Community Services
- Directorate: Health & Public Safety
- Directorate: Financial Services
- Directorate: Chief Operations Officer

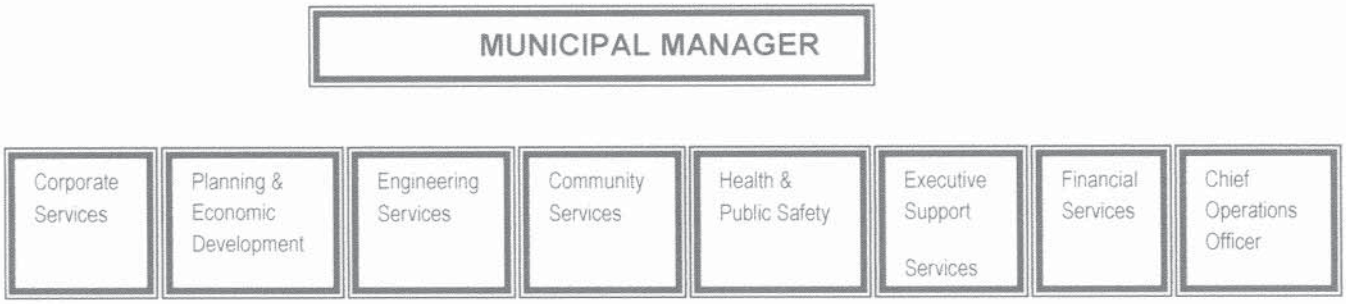


FIGURE 1: BUFFALO CITY METROPOLITAN MUNICIPALITY: ADMINISTRATIVE STRUCTURE

1.1 Directorate: Executive Support Services

The Directorate of Executive Support Services consists of the following Departments, namely:

- Public Participation & Special Programmes
- IDP, Budget Integration & Performance Management
- Development Cooperation & Communications
- Executive Support Services
- Knowledge Management & Research
- Office of the Speaker

Figure 2 details organogram the of the Directorate of Executive Support Services up to Management level.

FIGURE 2: EXECUTIVE SUPPORT SERVICES

1.2 Directorate: Corporate Services

The Directorate of Corporate Services consists of the following Departments, namely:

- Human Resources
- Organisational Support
- Internal Audit, Compliance & Governance

Figure 3 details the organogram of the Directorate of Corporate Service up to management level.

Figure 3: Corporate Services

1.3 Directorate: Planning& Economic Development

The Directorate of Planning & Economic Development consists of the following Departments, namely:

- Development Planning
- Transport Planning & Operations
- Economic Development & Tourism

Figure 4 details the organogram of the Directorate of Development Planning & Economic Development up to management level.

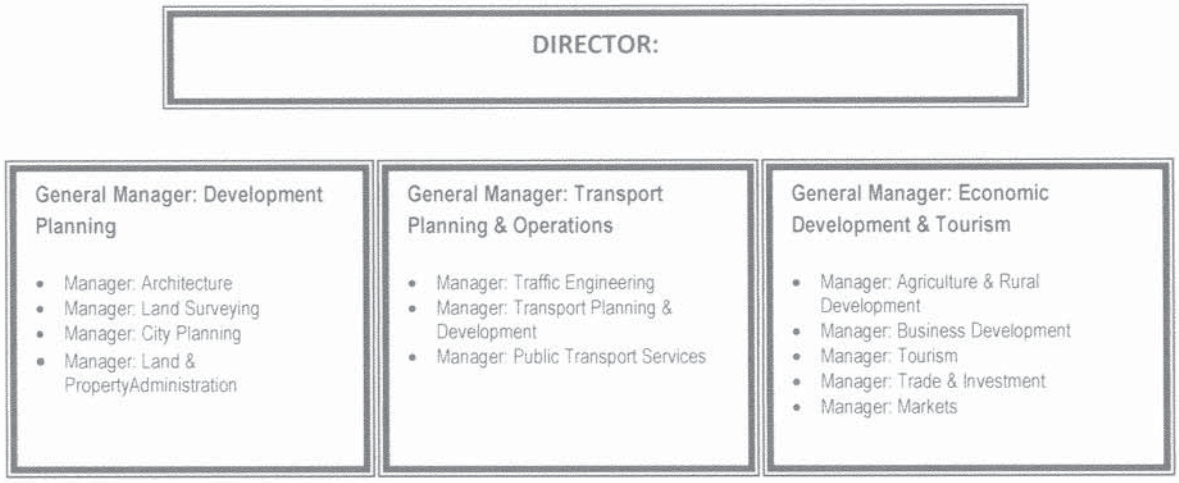


FIGURE 4: PLANNING & ECONOMIC DEVELOPMENT

1.4 Directorate: Engineering Services

The Directorate Engineering Services consists of the following Departments, namely:

- Water & Sanitation
- Construction, Roads & Projects
- Electrical & Mechanical Services

Figure 5 details the organogram of the Directorate of Engineering Services up to management level.

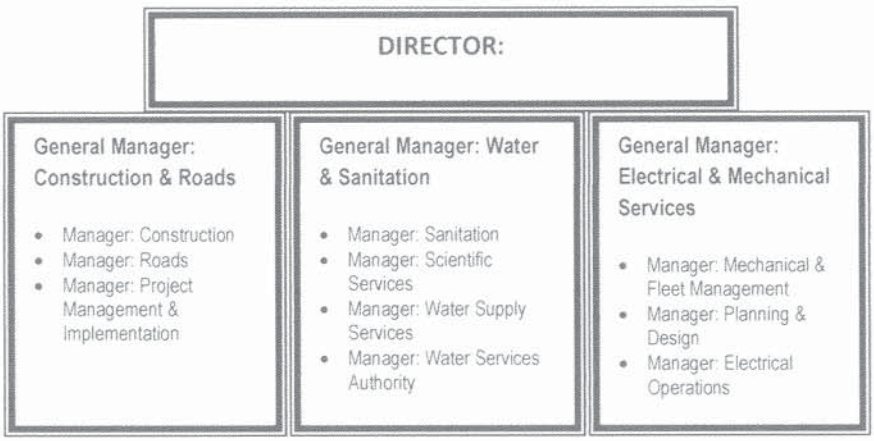


FIGURE 5: ENGINEERING SERVICES

1.5 Directorate: Community Services

The Directorate Community Services only has the following Departments, namely:

- Solid Waste Management
- Environmental, Amenities & Arts & Cultural Services
- IEMP & Sustainable Development

Figure 6 details the organogram of the Directorate of Community Services up to management level.

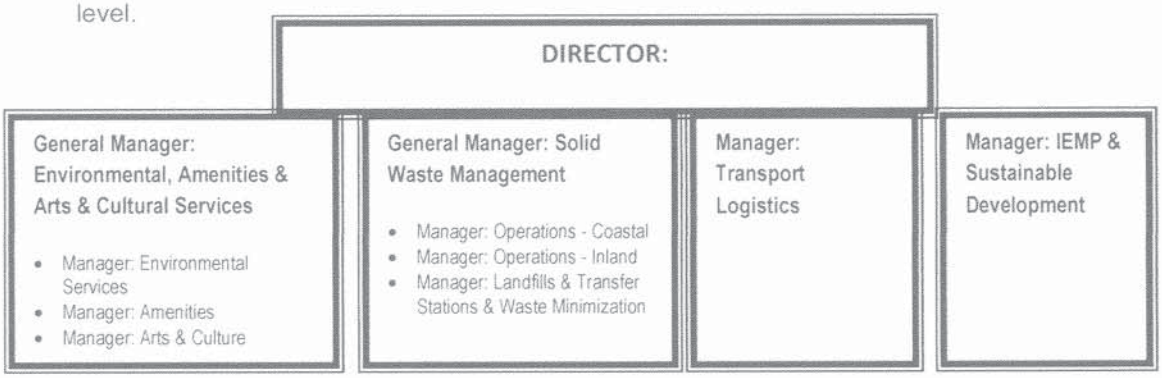


FIGURE 6: COMMUNITY SERVICES

1.6 Directorate: Health & Public Safety

The Directorate Health & Public Safety has the following Departments, namely:

- Public Safety
- Health Services

Figure 7 details the organogram of the Directorate of Health & Public Safety up to management level.

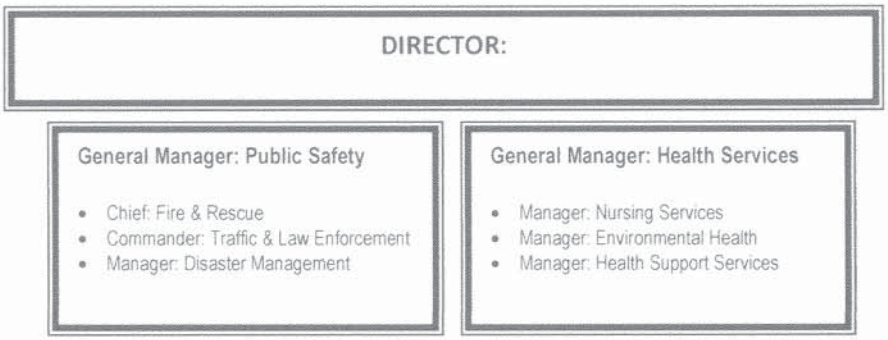


FIGURE 7: HEALTH & PUBLIC SAFETY

1.7 Directorate: Financial Services

The Directorate Financial Services consists of the following departments, namely:

- Asset & Risk Management
- Revenue Management
- Budget & Treasury
- Supply Chain Management

Figure 8 details the organogram of the Directorate of Financial Services up to management level.

Figure 8: Financial Services

1.8 Directorate: Office of the Chief Operating Officer

The Directorate: Office of the Chief Operating Officer consists of the following departments, namely:

- Housing
- Mdantsane Urban Renewal Programme
- Special Projects

Figure 9 details the organogram of the Directorate: Office of the Chief Operating Officer up to management level.

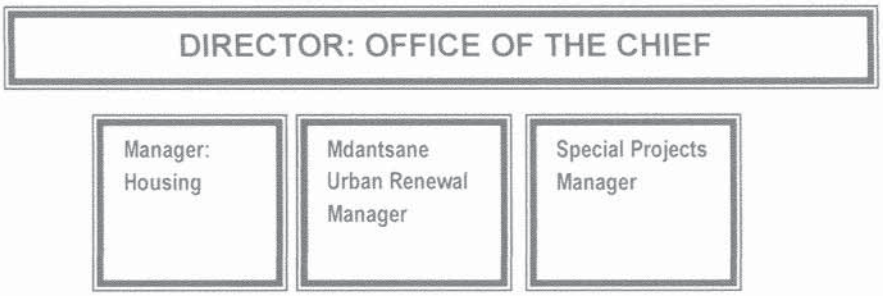


Figure 9: Office of the Chief Operating Officer

Appendix D: Functions of Municipality / Entity - N/A

Appendix E: Ward Reporting

(1)

25 FEBRUARY 2012

WARD COMMITTEES
REPORT THAT IS COMING FROM WARD 39.

We are going to adress on: what did we do so far. To ensure that we serve our Communities as Ward Committies.

Firstly:- Last Year as Ward Committies of Ward 39 we replied from an S.M.S that was Comming from our Councillor Mr X Samona. Saying that we must Mobilised we sterted to Students who passed Matric. telling them that they must go to Municipality at Council Chamber about training that was conserning Rica We decide to take two members into each branch to make 10 members that they were Coming from Ward 39. and now they are Still waiting for a response on what to do starting from this year 2012.

Secondly:- We received another S.M.S again from our Counsillor saying that we must Collect 20 Children starting from age of under 4 years to 2 yeers per-Sub-branch for toys that they were comming from Motsepe-foundation. But still even now we as ward 39 Committe-members did not receive those toys we still waiting for their response. Because we read on the paper - 26 November 2011 Daily Dispatch that Motsepe distributed to other wards like Mdantsane, Mlakalaka, East London, Bimbeda that made us wondering it we are going to get response from Motsepe distributed or not. We still waiting and those 100.00 Kid's from Ward 39 are the same

(2)

Thirdly On the 22nd November 2011 we received another Sms from our Councillor saying that we must Collect all the Students who are haring Metric already especially those who did Maths and Physical Science to go to Social Development for Learnership we took 22 people per Subranch. and they did go there together with their Certificates on their Hands then they were Captured to Social Development data. then on the 8th of February 2012 we went to MR's MKwankwa who is working at Social Development we wanted to Check on how far are the about that Learnership. She Said that those Students must waint until the Selection is done so that they can be able to receive a Call. those ones who are qualified for Selection and she doesn't know their names. She was going to ask Mr Mbona the Coleague that is responsible for Selection. then after that She Said that She is going to give us a Call about a full information.

Fourthly:- On the 22nd November 2011 there was another S.ms again from our Counsilor. Saying that we must alert All the Tavern Owners of Ward 39 to go to Memorial Hall in King William's town at 10 am on the 23rd to attend the workshop about Owners of the Taverns. to teach them so that they can be able to come back and Communicate with us about opening and Closing time of their taverns

Then The Fifth Time:- On the 23rd of November 2011 Our Councillors ~~secretary~~ said that we must Consult all the members of Ward 39 to attend meeting that was going to be On the 29th November 2011 at Kwalini location. where b there will be a Visitor that is Comming from Social Developme

(3)

a Social Worker who was Mis MKwankwa she was going
-to briet us about project that they har for the Community,
-But she pasponed the date for the 30th of November 2011
-But she came back on the 29th instead of the 30th She
-briet the few members of the Communities about that.
and now we are still waiting for the exact date. So that
she can inform the whole Community. for this year.

-Then again on December last year there was a problem about
- water where by there was a lack of water into our
-branches then we managed to work together with those
- trucks who are supplying water then they did manage
- to give us water by the time that we did not have water
-into our taps. again there was a problem about a Youth
- who were stabbing each other then at the end Someone
-was murdered that is where by we started to take a first
-Step on to how are we going to stop the Crime from
Continuing to happen. We invite the Police to breat us on
what to take first step in terms of dealing with Solving Crime.
-we managed all of that by contacting Water trucks and Policies
telephonically by using our own airtimes and Cellphones
at the end they did manage to Come to our Communities
-by responding on our phone Call's.

Then This year Starting from January 2012. there was a family
at Ginsburg Liporte - that family lost their mother then they
-were end up being Orphans who did not know What to do -
-because there was no money to buy their own mother.
- Then we took the first step by going to Municipality asking
them if they can be able to work together with us by giving
- those Orphans a Service in terms of giving them a grave yard

So that they can be able to bury their Mother. Then again we go to Social Development asking them if they can help that family with food so that all the members that they came from the Funeral Can be Served after the funeral. So they did manage to do all of that then the Service went well all of it. we did manage to do that as Ward Committies by using our own money for transport to go to all those departments who worked with us by helping those Orphans

.. And then there was a problem again with another family they were Orphans to them they were and still even now not receiving food parcels and then so for there's no income because they renewed their Social grant but still they are not receiving any money so there's no income. we did report that to Social Development when they did no respond we took further steps by going to our Ward 39 C.S.W. she's aware of all of that and about what is going on. but even now the C.S.W did not take any step's until now. we are still waiting because there's no income into that family. then we managed all of that by using our own money for transport when we were going to Social Development.

Then we organised a General Meeting about Grave Yards but the meeting did not go further because there were no enough Community Members to Corrate into that meeting there on 27 members it was on the 2ND February 2012 then we postponed it for Sunday then again Members did not Corrate into that meeting, then again it was postponed on the 8TH February it did Corrate. but there we no agreement with the Community members, they were adressed about the fact that

(5)

- Theres no graveyard. and theres no land to bury dead
- people in grave yard. Community Members did not agree at all they said that they must have report about engKongKweni because they need to us that land instead of Going to King Williams Town.

- Then we have to go back to the Meetings that they were started
- last year December on the 7th '8th where by there was
- suppossed to be aCo-opting about ward Committe Members then the Officiells of Municipaly were there to adress on what steps there will be followed to ensure that the Co-opting of Ward Committe Member Succed.

- Then January this year as Ward Committies together with our Councilor we were having ameeting with Helen
- August it was about problems dealing with School's and the taverns that they were build next to Schools. Helen ensures us that that was not the right thing for the tavern to be next to School because the learner's are easily to be interuppted and end up not focusing well on their Studies that Meeting was On the 10th of January this year.
- M.E.C was here to know about how far are we about those taverns because last year the reported was about them to be stopped about Continuing to operate near School. they must be 100 meters away from
- Schools.

Then again on the 10th of February there was alaunch about karate we were invited to be there. Including our Councillor was there too. To see what is happening.

(6)

- Then again on the 10th of this Febrauery we were invited
- by C.P.F's to getter with Sports Cordinators in termis
of having Sports and different kinds of Sports in our
Communities to recreate games so that youth
- together with our Parents of our Words Can be
able to participate into sports. We did manage to
work with them because we as Ward Committies together
with Our Counellors want to Coperate so that there
can be derelopment and Success in Our Communities.

- Then there was an N.G.Os who is Sakhisizwe Community projects
- who Consult as as Ward Committies to so that we can
- be able to identify those people who needs food Parcels
- we did manage to find those people and put them on
the list so that they can be able to get food parcels.
- The Socials workers told us that we must take 5 members
into each brand of ward 39 except Rhayi and Ginsburg
because they said that we must take 10 members
from Rhayi and 10 from Ginsburg. So all of that number
in one way it was 35 members for ward 39.

- Then on the 20th of February 2012 these N.G.Os asked
us by giving us atask on Choosing those Houses who were
involved in disaster so for N.G.O Chose only Five
Houses from the list of Words 39 Saying that they will
Come back Soon for taking another list. For Kwalini and
Ngxwalene who has not been nominated at all.
- Then again as Ward Committies we used our airtimes and
- Cellphones to Consult Mobile Clinic so that they can be
able to come and help our Community Members
- the Ones who are not be able to go to hospitals

(7)

interms of dealing with health issues - we asked them if they can be able to come and serve our People into our Communities, we are still waiting for their respond they said that firstly they need to sit down and come up with a solution on what day that they were going to be available to come and help the people of our Communities interms of dealing with health problems.

- Then on the 23rd we took loud hailer and used it to ask people of Ward 39 to come to the Meeting that was going to be at Town Hall about Changing a logo.

- Then again we managed to go to people who are dealing and facing problems especially with IDPs and grants we did go to them and listen and writing down everything that they were talking about. So for we told them that we will get back at them.

SECRETARY C. MANANA
WARD 39

THOTYELWA MFAZWE FEBRUARY 2012

WARD COMMITTEE REPORT W/44

ON THE 19 NOV. 2011. CLLR ASK ME TO ASSIST AN OFFICIAL TO DISTRIBUTE A DISASTER SUBSIDY APPLICATION FORM TO NOZUKO SIZANI'S HOUSE.

ON THE 21 NOV. 2011. CLLR ASK ME TO COLLECT 10 CHILDRENS NAMES FOR MAYOR CHRISTMAS.

ON THE 30 NOV. 2011 AT 10H00 I ACCOMPANY CLLR TO VISIT LUZUKO JUNIOR PRIMARY SCHOOL.

ON THE 2ND DEC 2011 10H00 I ACCOMPANIED BUFFALO CITY METRO OFFICIAL FOR BUSH CLEARANCE.

ON THE 4 DEC 2011 TENANT MNGXASO HAD EVICTED I HAD A MEETING WITH THE OWNER OF THE HOUSE.

ON THE 5 DEC 2011 I HAVE A MEETING WITH SANCO AND TAXIDRIVERS SUGGESTING OR DISCUSSING ABOUT CLOSING TIME OF TAXIDRIVERS.

ON THE 14 DEC 2011 CLLR ASK ME TO CHECK ONE WOMAN OR LADY FOR CLEANING PROJECT FOR THREE MONTHS.

ON THE 17 ~~DEC~~ JAN. 2012 AND 18 JAN. 2012 I ATTEND AN INDUCTION WORKSHOP AT WAR MEMORIAL.

Cllr Sign: _____

On the 11 February 2012 I attend a crisis near Kimec.

On the 13 Feb 2012 at 10H00 I reported a stolen cabinet from an old clinic at Sweetwaters.

On the 07 Feb 2012 at 10H00 I Accompanied delegation from Human settlement and legislature to check ~~CH~~ problems and crack within M.M.S.

On the 14 Feb. 2012. Ward committee first meeting at King Williams Town Civic Centre.

On the 15 Feb 2012, I ~~GO~~ went at 09H30. to Nozuko Sizani Home to collect a disaster application form.

On the 15 Feb 2012 meeting with Human settlement Nzwari local government officials, Service Providers, ward councillor and P.R. councillor at 11H00 issue was Jojo tanks.

On the 17 Feb 2012 Follow up meeting with Service Providers, ~~and~~ councillor and ward committee to give us full details about the project.

21 Feb. 2012 visiting the Project site to check if Providers have started.

21 FEB. 08H00 15H30 REPORTING A SEWER PROBLEM 7116 AT MUNICIPALITY DEPT.

19. 21. FEB ATTENDING LUNATHI SERVICE PROVIDER PROBLEM AND REFER TO COUNCILLOR.

22. FEB 2012 PHONED TO ATTEND A MEETING WITH LUNATHI SERVICE PROVIDER

24. FEB 2012 PHONED CLLR FOR SEWERAGE BLOCKAGE AT HOUSE NO 7380.

28 FEB. 2012. MEETING AT KING WILLIAM'S TOWN WARD COMMITTEE, NZWAKI FROM HUMAN SETTLEMENT AND LUNATH SERVICE PROVIDER REASON LUNATHI TO RECTIFY HIS MISTAKE TO THE COMMUNITY THAT HE EMPLOYED.

Ward 47

REPORT BY DIONNE LOVE LIQUOR TRADERS PORTFOLIO

Thus far the traders in Quigney, C.B.D and Southernwood have all been subject to fire department and Safety and Security scrutiny. Many of the outlets were deemed to be overcrowded and thus closed until the appropriate measures had been put into place. We had a B.C.M.L.T.F (BUFFALO CITY METRO LIQUOR TRADERS FORUM) meeting whereby the stakeholders and the various members of the Fire Department and the Safety and Security Department put their arguments forward. We were then instructed to include the following in all outlets:

EARLY DETECTION FIRE ALARMS:
All traders then consulted with their fire service companies and to our amazement we found that these particular alarms were very expensive and hard to come by. As the Chairperson of the Forum I found an alternative solution by contacting the C.P.F chair who introduced me to MAGNUM FIRE, who is now installing all the traders EARLY DETECTION FIRE ALARMS at a much more reasonable rate.

POPULATION CERTIFICATES
These certificates can only be obtained from the Fire Department who must come in and do a thorough inspection of the premises and measure per square meter the amount of people allowed into a specific area. For example one person per square meter. The fire department then determines the amount of people allowed within the venue and from there you supply them with a floor plan of your venue and fill in the necessary forms and they issue you with a population certificate which must be visible to all inspectors who visit your venue and should there be more than the prescribed amount you are liable for a COMPLIANCE NOTICE.

THUMB TURN LOCKS AND FIRE ESCAPE DOORS
All fire escape doors must open outward to allow easy exiting from a premises, these doors must be fitted with the prescribed thumb turn locks which open the door easily and alow escape. Larger venues with more than 250 people allowed in must have PANIC BARS on their doors to allow escape should a fire erupt.

We also invited the health department and they instructed us to do the following:

TOILET FACILITIES
All toilet facilities must have toilet paper, hand towel and soap a washbasin and the toilet, in the mens sections there must be a separate door closing off the toilet from the urinal facility. The toilet facilities need to be kept clean throughout the venues open period.

KITCHEN FACILITIES
In this instance it was found that some venues were not properly zoned for just a bar but needed to include a kitchen, these venues are in the process of adding the kitchen facilities to their premises. If you are going to use GAS to cook with then you would need the Fire and the Health Departments to give you a certificate to use the GAS facility and all units would also be stainless steel where the food is to be prepared. These kitchens are to kept spotless and the Health department would inspect them from time to time to make sure.

LIQUOR LICENSES AND MANAGEMENT LICENSES

These licenses are granted by the Eastern Cape Liquor Board and subject to scrutiny by them and the SAPS liquor inspector at any time they deem fit.

SAMRO LICENSES

No venue may play music unless it is a jukebox which is already licensed by SAMRO, without a SAMRO license, this is becoming a problem as many outlets are not paying this license fee which is due annually. This license allows you to have entertainment in the venue and the license should be prominently displayed for the various inspectors.

REZONING OF BARS WITHIN RESIDENTIAL AREAS

We invited a speaker from the company SETPLAN who explained the necessary requirements for rezoning and departures for the different venues especially those that are (nuisance) venues in residential areas, venues can apply for a departure though it is not a fait accompli should this departure be turned down, this is at the discretion of TOWN PLANNING.

\

With this report I can say that Liquor outlets are trying to keep to the law and are thus far compliant with the necessary rules, however those that are in contravention are quickly corrected at these meetings as both e EASTERN CAPE LIQUOR BOARD and SAPS attend every meeting, from the ward council WARD COUNCILLOR JABAVU attends to advise us on by laws pertaining to liquor outlets.

Ward - 46

WARD COMMITTEE REPORT BY PERIOD 01-04-2012 TO 31-06-2012/18-09-2012

Attached herewith Please find reports from area committees. But I wish to cite few things that we attended collectively.

On the 8th of April we attended a meeting at Westbank to address concerns of Westbank people that includes Bridge and Sewerage. Attendance register attached.

On the 26th July 2012 we had a public meeting, minutes attached herewith, and atterdance register.

On the 15th of April we visited Leaches Bay school with the aims of wanting to know how far are the preparations of this, to move to Leaches Bay area as it is at some farm, where children had to take a scholar transport to go to school.

We were holding our monthly meetings as Scheduled unless the meeting did not Corrate then we postpone.

We do not have an office, that makes it difficult to attend to people

On the 8th August we attended an Exco Outreach at Robbie De Lange.

We attendend to Hamza's who is wants to open a shop in Greenfields. Also attended to Chichi restaurant who wishes to get a Liquor licence at Greenfields Pick & Pay Complex.

We attended to the clinic problem where a nurse was locked in by residents.

On the 10th August we ~~had an~~ invited an extended area meeting which is area committees and crime preventing forum. On the Agenda was owners of Orange Groove who allow renting people in their yard, and the electricity would blow because of overload, Foreigners who own Shops, Houses without water.

We attended to a resident who died in the schack.

By Secretary
Mrs Maloyi

28-04-2012 : Ingxaki yotata ohlala yedwa igama lakhe ngu M. Kh
ID: 5211065187080, kunokwenzeka nantonina kuye sicela irgqwa

WARD COMMITTE REPORT (TONIC) MAY 2012

03-05- : Ndi report kwakinona amanzi avuzayo apha e Jamani ndiye kwa Wates nda sepot umbane oyingxaki apha koo 2Room ehuxolweni e CC hayd

04-05 : Ndihleli intlanganiso nabahlali bako 2rooms ekuxolweni eCC hayd no Councillor no Morris oyi Ward Committe salung malungana nengxaki yombane saresisombululo, Saxoka nge ngxaki ye hdo yase Luxolweni,

06-05-2012: Ndihleli intlanganiso nabahlali balapha eJamaica malunga nomtu owakhe lgali kwindawo engafanelekanga engadibananga nee Committe kwaggitywa ekubeni naka lichithe ahambe ekuhlaleni

07-05-2012 : Sihleli iward Committe Special metting eGompo hall nabantu bakwa H.S.R.C kunye no Councillas ebekhon ne ward Committe uMorris, no Voli, no Nonzame kunye no-Charmine

08-05-2012: Sihleli iward committe special metting besme: eGompo hall i data base for old people and disability xa kuzakwakhiwa kufuneka kuqwalaselwe abantu abadala naba ~~disap~~ disable

10-05-2011 : Ndiye kureport amanzi ekudala ndiwa sepot kunye nesi street lights ezinga lightiyo ezingeka kungasi nangoku

13-05-2012: Ndi phonele uMasitshi wase Buffalo flats Polista malunga nomtu odshakwe ngumbane wasiweleka, nda phonel no Councillas ndamxelela ngalenta yehlileyo, Ziye zafika ne lwa Committes, Morris, Charmine kwayiwa no Rowan.

13-05-2012. Special ward Committe meeting at Gompo hall
Repat back from Councillor: Ikati iziko creation project
Job creation into ebesizixoxa siqeqibe uba sithathe abaa
ngokwe AREAS.

17.05:12.
Ndiye ndoreporter many Hall evulekileyo enobungozi
ndafownela u Councilor wenza i follow up ngelonto
kodwa akalungiseki

17:05:12.
Ndibambe maqela ebeqhekeza iHall abe amaqinki
ndafownela u Councilor, namapolisa aweza
amapolisa

... COMMITTE REPORT (TONIC) JUNE

12 June 2012 ÷ Ndihleli imeting 1 ETC nomnumzana Mandisa oficial eluxolweni Community hall abantu abebe atendile Tonic, Moris, Nonzame, Voli, Cancita Mbingo.

13 June 2012 ÷ ndiripote amanzi avuthayo kwakhona kodwa bafika bavalungisa

19 June 2012 ÷ Ward Commity Meeting Art Center hall the isue is electricity problem and the Communitie whall

especial work shop at the City hall 14:00 if you land

06 June 2012 ÷ pablic jeneral meeting gompo halt

20 June 2012 ÷ kuye kwatsha igali lika Lindelwa ndaya ndafonela efire brigade ndamazisa noCuncilor yaye yafika ngokukhawuleza

21 June 2012 Ward Commitiy meeting
isue is isibindi project

24 June 2012 ÷ kwaye kwatsha amagali ejamaica unobangela yiparrafin stove ndaye ndafonela ifire brigade kunye noCuncila yafika ngokukhawuleza

24 June 2012 : ndiye ndahamba nabantu bakwa desuster Manage Ment sayonikezela abantu abebetshelwe ngamagali

27-26 : ndi atende iworkshop traning at Clinence kadala hall. facilitation Thandekile Mahamba

WARD Committe REPORT JULY 2012 (TONIC)

01 July 2012 : kwaye kwatsha amagali eJamaica ekuseni ndafonela ifire brigade ifike Sekutshile kwakhona kungalomini kwatsha eluXdweni.

05 July 2012 : Special meeting of Ward Commity isue priperation general meeting

01/12). Opening and Welcoming
1). Credencial and apologies
1). Corespondence
2. Electricity
3. House - TRA'S
4. Refuse Collection and plastic bags
5. Ward 06 cleaning Campaign
6. Potholes and

10/07/2012 Ndiye ndoneediswa e B.C.M.M. MAKUNGA ukuthungiselelwa 9a MANDAKA DAY Siye Sakuphila inkwadi Sineediswa AM Ro Mama NKuLA

11/07/2012

Ndiye ndabhangekal umntu ozobelaya, Ndiye ndafumana. Umama wajozo ugewafumana ukutya 'Uneendekele.

General Meeting WARD 6

AGENDER 8/July 2012

1. Opening & Welcoming - By Councilor Mbinqo
2. Apologies - Councilar Faku, Councilor Ngesi
3. Creadentials - circulating
4. Introduction - Been done by Councilar Mbinqo
5. Discusions For The day

5.1 (1) Electricity -

(2) Houses - Time Frame end of August / Stiring Committee representa to be Appointed.

(3) Community Hall - Agreed by Community

(4) Refuse collection & Black bags.

(5) Prisoners being taken out

(6) Savrages

(7) Fire Victims

Any other Bysness

Announcement OF Deals

(1) Community hall issue has been discused and the Community Members agreed but their consen is ~~that~~ the Security and the Management of the hall And its been Said that the leader ship will go and Sit down and discos this issue Futher and it will come back with full information

(2) Electricity issue - Eluxoweni is a probematic area with this izinyoka thing
But the Speaker of the Mayors office has confirm that there's Money that has put aside for installing Electricity in the Informal Settlement. But there is a problem of Shack closiness And the discussion has been taken that the illegal connections Must be arrested and be charged.

(3) Refuse Collections And plastic bags TLB's are being hired so thats the problem we Facing Workshop Need to be done Everybody must be recponsible of cleaning. Plastic bags are going to be issued as soon as they being delivered. at the moment there's a Shitty problem. So people has been

Ward 23

Ward Committee Reporting Template

Monthly Report

Name of Ward Com. Member : Vuyisile Phato

Ward Area or Interest Group : Geographic - Spread

Month and Year of Reporting : May 2012

No. of Meetings of ward Committee attended this month 4

Anything relevant to your area that come from the W/C meeting? Yes Storm Water drain; grass cutting illegal dumping sites Speed humping.

Area Com. Meeting

Was this meeting held this month? No

If NO Why? (State reason) Area Committee not yet elected.

If it was held what were the resolutions of the meeting?

The resolution was to organised

meetings and Action Plan in all issues.

N.B. Please attach minutes and credentials of the meeting.

Geographic Spread

Please provide a brief summary of all activities that took place this month in the following delivery aspects:

Electricity

How many outages that took place in your area this month? 6

The number of streets lights that are not working in your area NONE

How many houses that are not electrified in your area? NONE

Any further information that you an provide? Illegal installation of electricity to informal settlement is our main problem, resulting to many outages

Water

Are there any leakages that have been discovered this month in your area? Yes or No

No

If yes where are they? (provide street and house no.)

N/A

Any further explanation?

N/A.

Sewage spills

Where are the spills? (if any provide street and house no.)

N/A

Refuse collection

Which day of the week is refuse collected? Mondays

How many times was it collected this month? 4 Times monthly

Was it collected on the day set aside for collection in that area? yes

What are other challenges identified (including dumping)

Crime rate is high, Shortage of Refuse bags Time that the truck is to collect the refuse bags.

Interest Group Activities

What are your activities this month? Tick or put a cross in the box relevant to you.

Distribution of papers to those who need them.

Ward Area : 23

No. of persons who asked for them : 15

Categories of papers requested e.g. how many for banks? How many for Home Affairs etc.

BANKS 10 Home AFFAIRS.

Comments on any other activity/s not mentioned in this report

Empty spaces or sites causing the rate of crime to be high. such as rape; arm-robbery.

Compiled by : V. PHATO (Ward Com. Member)

Signed by : (Ward Com. Member)

Countersigned by : (Ward Councillor)

STAMP

VELIWE VIVIENNE SA...
COMMISSIONER OF OATHS EX OFFICIO
BUFFALO CITY METROPOLITAN
MUNICIPALITY EAST LONDON
OXFORD STREET EAST LONDON
REPUBLIC OF SOUTH AFRICA

Appendix F: Ward Information

Appendix G: Recommendations of the Municipal Audit Committee

Appendix H: Long term Contracts and Public Private Partnership- N/A

Appendix I: Municipal Entity / Service Provider Performance Schedule- N/A

Appendix J: Disclosure of Financial Interests- N/A

Appendix K: Revenue Collection Performance

Appendix K (i) Revenue Collection Performance by Vote

Appendix K (ii) Revenue Collection Performance by Source

BUFFALO CITY METROPOLITAN MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE

APPENDIX K (i)

Description	2010/11 Audited Outcome	2011/12 Original Budget	2011/12 Adjusted Budget	YearTD Actual	YearTD Variance	% Exp vs. Budget
Revenue by Vote						
Vote 1 - Executive Support Services	4 034 749	-	4 421 727	1 792 498	2 629 229	41%
Vote 2 - Municipal Manager's Office	7 431 149	-	2 668 851	212 230	2 456 621	8%
Vote 3 - Chief Operations Officer	103 955 288	290 582 137	98 444 918	32 225 919	66 218 999	33%
Vote 4 - Directorate of Financial Services	850 254 110	1 157 024 893	1 151 320 413	1 171 008 102	(19 687 689)	102%
Vote 5 - Directorate of Corporate Services	1 009 148	3 235 518	3 245 800	3 249 622	(3 822)	100%
Vote 6 - Directorate of Engineering Services	1 428 668 937	1 727 529 282	1 718 760 744	1 722 141 374	(3 380 630)	100%
Vote 7 - Directorate of Development Planning	40 041 277	39 117 418	41 670 541	34 047 390	7 623 151	82%
Vote 8 - Directorate of Health & Public Safety	136 313 446	174 861 046	174 338 358	182 627 208	(8 288 850)	105%
Vote 9 - Directorate of Community Services	234 912 250	260 938 875	253 497 235	263 200 742	(9 703 507)	104%
Total Revenue by Vote	**2 806 620 353**	**3 653 289 169**	**3 448 368 587**	**3 410 505 085**	**37 863 502**	**99%**

BUFFALO CITY METROPOLITAN MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE

APPENDIX K (ii)

Description	2010/11 Audited Outcome	2011/12 Original Budget	2011/12 Adjusted Budget	YearTD Actual	YearTD Variance	% Exp vs. Budget
Revenue By Source						
Property rates	453 306 422	520 510 728	519 835 876	521 930 667	(2 094 791)	100%
Property rates - penalties & collection charg	-	1 235 966	1 235 966	583 813	652 153	47%
Service charges - electricity revenue	924 517 221	1 142 651 894	1 142 651 894	1 137 197 632	5 454 262	100%
Service charges - water revenue	200 157 656	233 282 971	225 867 262	239 551 504	(13 684 242)	106%
Service charges - sanitation revenue	166 162 041	180 202 568	182 819 826	183 646 197	(826 371)	100%
Service charges - refuse revenue	157 219 214	173 905 216	176 193 101	175 340 728	852 373	100%
Service charges - other	16 943 709	22 538 901	22 538 901	20 778 162	1 760 739	92%
Rental of facilities and equipment	14 107 440	12 759 013	12 759 013	13 387 803	(628 790)	105%
Interest earned - external investments	32 526 922	30 191 671	30 191 671	58 688 995	(28 497 324)	194%
Interest earned - outstanding debtors	21 202 461	22 036 057	22 036 058	23 919 884	(1 883 826)	109%
Dividends received	-	60 334	60 334	-	60 334	0%
Fines	7 320 910	10 656 828	10 656 828	5 455 740	5 201 088	51%
Licences and permits	15 052 974	15 391 121	15 391 120	15 707 755	(316 635)	102%
Transfers recognised - operational	679 071 349	966 570 087	763 689 501	724 619 308	39 070 193	95%
Other revenue	118 595 013	321 295 820	322 441 236	288 038 468	34 402 768	89%
Gains on disposal of PPE	437 020			1 658 430	(1 658 430)	#DIV/0!
Total Revenue	**2 806 620 354**	**3 653 289 175**	**3 448 368 587**	**3 410 505 086**	**37 863 501**	**99%**

Appendix L: Conditional Grants Received: Excluding MIG

BUFFALO CITY METROPOLITAN MUNICIPALITY
CONDITIONAL GRANTS RECEIVED

APPENDIX L

Funding/Grant	2011/2012 Conditional Grants Received	2011/2012 Mid-Year Adjustment Budget	YTD Expenditure R	Variance R	% Exp vs. Budget
Department of Water affairs	1 714 006	1 718 000	1 711 503	6 497	100%
Electricity Demand Side Management	4 000 000	4 000 000	3 926 791	73 209	98%
DoE(Integrated National Electrification Programme)	26 895 000	26 895 000	20 641 201	6 253 799	77%
Finance Management Grant	1 450 000	1 459 000	1 459 000	0	100%
Public Transport Infrastructure Grant	180 000 000	100 000 000	1 283 135	98 716 865	1%
TOTAL	**214 059 006**	**134 072 000**	**29 021 630**	**105 050 370**	**22%**

Appendix M: Capital Expenditure – New & Upgrade / Renewal Programmes: Including MIG

Appendix M (i) Capital Expenditure – New Assets Programme

Appendix M (ii) Capital Expenditure – Upgrade / Renewal Programme

BUFFALO CITY METROPOLITAN MUNICIPALITY

CAPITAL EXPENDITURE ON NEW ASSETS BY ASSET CLASS/SUB-CLASS

APPENDIX M (i)

Description	2010/11 Audited Outcome	2011/12 Original Budget	2011/12 Adjusted Budget	YearTD Actual	YearTD Variance	% Exp vs. Budget
Infrastructure	**263 970 851**	**629 903 962**	**505 690 522**	**145 226 602**	**360 463 920**	**29%**
Infrastructure - Road transport	*55 314 896*	*67 375 700*	*67 375 700*	*37 136 877*	30 238 823	55%
Roads, Pavements & Bridges	55 314 896	67 375 700	67 375 700	37 136 877	30 238 823	55%
Infrastructure - Electricity	*40 174 250*	*23 800 000*	*23 800 000*	*20 990 119*	*2 809 881*	*88%*
Generation	37 008 699	-	-	-	-	0%
Transmission & Reticulation	-	23 800 000	23 800 000	20 990 119	2 809 881	88%
Street Lighting	3 165 551	-	-	-	-	0%
Infrastructure - Water	*60 819 812*	*21 000 000*	*26 895 000*	*16 857 343*	*10 037 657*	*63%*
Reticulation	60 819 812	21 000 000	26 895 000	16 857 343	10 037 657	63%
Infrastructure - Sanitation	*79 666 844*	*199 000 000*	*199 000 000*	*61 547 597*	*137 452 403*	*31%*
Reticulation	79 666 844	199 000 000	199 000 000	61 547 597	137 452 403	31%
Infrastructure - Other	*27 995 049*	*318 728 262*	*188 619 822*	*8 694 666*	*179 925 156*	*5%*
Waste Management	581 621	11 068 479	5 568 479	2 507 733	3 060 746	45%
Transportation	24 035 258	190 405 121	108 164 387	6 186 933	101 977 454	6%
Other	3 378 170	117 254 662	74 886 956	-	74 886 956	0%
Community	**20 446 259**	**12 881 578**	**19 754 875**	**5 726 995**	**14 027 880**	**29%**
Parks & gardens	-	1 016 303	1 016 303	543 405	472 898	53%
Sportsfields & stadia	5 750 511	137 822	12 720	-	12 720	0%
Community halls	10 998 610	2 000 000	2 000 000	1 934 503	65 497	97%
Buses	-	-	5 998 399	3 249 087	2 749 312	54%
Clinics	761 760	-	-	-	-	0%
Other	2 935 378	9 727 453	10 727 453	-	10 727 453	0%
Investment properties	**6 326 456**	**-**	**644 462**	**14 023 376**	**(13 378 914)**	**2176%**
Housing development	6 326 456	-	644 462	14 023 376	(13 378 914)	2176%
Other assets	**24 885 405**	**74 492 311**	**95 820 511**	**66 146 383**	**29 674 128**	**69%**

General vehicles	104 080	11 950 000	14 514 459	16 332 029	(1 817 570)	113%
Specialised vehicles	2 762 652	40 636 944	44 590 250	31 563 094	13 027 156	71%
Plant & equipment	562 140	2 449 260	5 135 861	3 952 381	1 183 480	77%
Computers - hardware/equipment	1 644 825	-	(225 116)	-	(225 116)	0%
Furniture and other office equipment	13 494 807	9 285 459	9 285 459	6 281 681	3 003 778	68%
Markets	1 929 808	-	-	-	-	0%
Civic Land and Buildings	1 367 648	1 100 000	1 700 000	711 207	988 793	42%
Other Buildings	1 903 434	-	-	-	-	0%
Other	1 116 011	9 070 648	20 819 598	7 305 991	13 513 607	35%
Total Capital Expenditure on new assets	**315 628 971**	**717 277 850**	**621 910 369**	**231 123 356**	**390 787 013**	**37%**
Specialised vehicles	-	**40 636 944**	-	**31 563 094**	**(31 563 094)**	#DIV/0!
Refuse		26 260 000			-	0%
Fire		14 376 944	-	31 563 094	**(31 563 094)**	#DIV/0!
Ambulances					-	

BUFFALO CITY METROPOLITAN MUNICIPALITY

CAPITAL EXPENDITURE ON RENEWAL OF EXISTING ASSETS BY ASSET CLASS/SUB-CLASS

APPENDIX M (ii)

Description	2010/11 Audited Outcome	2011/12 Original Budget	2011/12 Adjusted Budget	YearTD Actual	YearTD Variance	% Exp vs. Budget
Infrastructure	**45 532 764**	**25 505 980**	**74 703 041**	**35 969 887**	**38 733 154**	**48%**
Infrastructure - Road transport	*25 565 504*	*11 992 904*	*48 106 748*	*15 545 844*	*32 560 904*	*32%*
Roads, Pavements & Bridges	25 565 504	11 992 904	48 106 748	15 545 844	32 560 904	32%
Storm water	-	-	-	-	-	0%
Infrastructure - Electricity	*17 325 692*	*7 645 000*	*12 517 097*	*12 581 499*	*(64 402)*	*101%*
Generation	17 325 692	-	-	-	-	0%
Transmission & Reticulation	-	3 645 000	7 317 097	7 755 187	(438 090)	106%
Street Lighting	-	4 000 000	5 200 000	4 826 312	373 688	93%
Infrastructure - Water	*2 372 739*	-	*8 308 936*	-	*8 308 936*	*0%*
Reticulation	2 372 739	-	8 308 936	-	8 308 936	0%
Infrastructure - Sanitation	-	*5 868 076*	*3 357 842*	*6 233 095*	*(2 875 253)*	*186%*
Reticulation	-	5 868 076	3 357 842	6 233 095	(2 875 253)	186%
Infrastructure - Other	*268 829*	-	*2 412 418*	*1 609 449*	*802 969*	67%
Waste Management	-	-	1 764 845	1 329 726	435 119	75%
Transportation	268 829	-	647 573	279 723	367 850	43%
Community	**14 743 309**	**12 908 106**	**24 863 690**	**5 804 772**	**19 058 918**	**23%**
Parks & gardens	-	-	(197 247)	-	(197 247)	0%
Sportsfields & stadia	11 156 773	4 626 698	16 058 646	1 559 028	14 499 618	10%
Community halls	2 295 211	2 792 507	3 418 271	2 496 073	922 198	73%
Libraries		363 795	363 795	406 901	(43 106)	112%
Recreational facilities	426 045	1 526 982	2 026 982	844 113	1 182 869	42%
Clinics	634 363	3 598 124	2 798 124	498 657	2 299 467	18%
Other	230 917		395 119		395 119	0%
Other assets	**21 798 900**	**8 977 194**	**10 064 283**	**5 989 678**	**4 074 605**	**60%**
General vehicles	15 596 587	-	-	-	-	0%
Furniture and other office equipment	450 624	-	-	-	-	0%

Markets	2 515 015	3 320 000	2 959 895	519 758	2 440 137	18%
Civic Land and Buildings	144 706	5 497 194	6 910 513	401 971	6 508 542	6%
Other Buildings	970 320	-	-	-	-	0%
Other	2 121 648	160 000	193 875	5 067 949	(4 874 074)	2614%
Total Capital Expenditure on renewal of e	**82 074 973**	**47 391 280**	**109 631 014**	**47 764 337**	**61 866 677**	**44%**

Appendix N: Capital Programme by Project current year

BUFFALO CITY METROPOLITAN MUNICIPALITY

APPENDIX N

CAPITAL PROGRAMME BY PROJECT REPORT AS AT 30 JUNE 2012

Project Name	Funding (source)	Mid -Year Adjustment Budget	YTD Exp.	Variance	% Expenditure vs Mid year Adjustment Budget
EXECUTIVE SUPPORT SERVICES					
Councillor's office	Own Funds c/o	2,060,845	269,326	1,791,519	13%
Upgrading of Sisa Dukashe, New Lands, Ndevana Stadium	Department of Sports, Arts & Culture c/o (SARC)	2,272,303	403,279	1,869,024	18%
Upgrading of Bisho, Dimbaza, Peelton, Madramini & Victoria Grounds Stadium	Department of Sports, Arts & Culture c/o (SARC)	6,598,469	226,767	6,371,702	3%
Upgrading of Tsholomnqa, Parkside, Needs Camp & North	Department of Sports, Arts & Culture c/o (SARC)	2,208,935	589,162	1,619,773	27%
Laptop - V Tokwe - A11/90	Own Funds	9,000	0	9,000	0%
Leiden Twinning - Floodplain	Leiden Platform c/o	488,000	0	488,000	0%
Leiden Twinning - Solid Waste Drop-off Points	Leiden Platform c/o	974,718	0	974,718	0%
Leiden Twinning - Sanitation	Leiden Platform c/o	746,897	730,105	16,792	98%
Leiden Twinning Project - Solid Waste	Leiden Platform c/o	512,606	0	512,606	0%
3 x Computers & Accessories - A10/107	Own Funds	22,146	22,146	0	100%
3 x Computers, Accessories, plasma - A10/124	Own Funds	32,000	26,044	5,956	81%
TOTAL : EXECUTIVE SUPPORT SERVICES		**15,925,919**	**2,266,828**	**13,659,091**	**14%**
MUNICIPAL MANAGER					
Furniture	Own Funds	50,000	0	50,000	0%
Councillor's IT requirements (Laptops)	Own Funds	1,000,000	891,397	108,603	89%
TOTAL : MUNICIPAL MANAGER		**1,050,000**	**891,397**	**158,603**	**85%**
				0	
CHIEF OPERATIONS OFFICER					
Mdantsane Zone 18 CC Phase 2-P3	Urban Settlement Development Grant	0	0	0	#DIV/0!
Manyano & Thembelihle Phase 2-P3	Urban Settlement Development Grant	19,055,300	7,786,725	11,268,575	41%
Second Creek (Turn Key)-P3	Urban Settlement Development Grant	13,940,770	177,428	13,763,342	1%
Masibambane-P3	Urban Settlement Development Grant	250,000	24,561	225,439	10%
Masibulele-P3	Urban Settlement Development Grant	250,000	101,072	148,928	40%
Velwano	Urban Settlement Development Grant	450,000	24,561	425,439	5%
Chris Hani Park Phase 3-P3	Urban Settlement Development Grant	200,000	0	200,000	0%
Ilinge -P 3	Urban Settlement Development Grant	600,000	240,000	360,000	40%
Gwentshe Village- P3	Urban Settlement Development Grant	50,000	24,561	25,439	49%
Fynbos Informal 1-P3	Urban Settlement Development Grant	500,000	77,000	423,000	15%
Fynbos Informal 2-P3	Urban Settlement Development Grant	500,000	0	500,000	0%
Ndacama-P3	Urban Settlement Development Grant	0	0	0	#DIV/0!
Mathemba Vuso-P3	Urban Settlement Development Grant	300,000	24,561	275,439	8%
Deluxolo Village-P3	Urban Settlement Development Grant	200,000	0	200,000	0%
Francis Mei-P3	Urban Settlement Development Grant	100,091	0	100,091	0%
Mahlangu Village-P3	Urban Settlement Development Grant	200,000	0	200,000	0%
Sisulu Village-P3	Urban Settlement Development Grant	300,000	0	300,000	0%
Winnie Mandela-P3	Urban Settlement Development Grant	400,000	0	400,000	0%
Dacawa-P3	Urban Settlement Development Grant	400,000	0	400,000	0%
Sunny South-P3	Urban Settlement Development Grant	600,000	82,825	517,175	14%
Potsdam Unit p : Stage 2 P3	Urban Settlement Development Grant	1,360,000	1,360,000	0	100%

Block yard TRA-P3	Urban Settlement Development Grant	2,500,000	0	2,500,000	0%
Reeston Phase 3 Stage 2-P3	Human Settlement Development Grant	15,000,000	3,954,467	11,045,533	26%
DVRI Pilot project 323 units (Mekeni ,Competition site,Haven Hills)	Human Settlement Development Grant	7,241,014	66,732	7,174,282	1%
Mdantsane Access/Buffalo	Human Settlement Development Grant	0	0	0	#DIV/0!
Reeston Phase 3 Stage 3	Human Settlement Development Grant	0	0	0	#DIV/0!
Block yard TRA-P3	Human Settlement Development Grant	668,500	0	668,500	0%
Computers & Computer Equip. - A10/72	Own Funds	5,225	5,225	0	100%
Potsdam Unit P: Stage 2: 1000 units: P3: Infrastructure	Local Government & Housing c/o (LGH)	336,462	78,882	257,580	23%
Accreditation	Local Government & Housing c/o (LGH)	33,903	0	33,903	0%
Z.Soga: P3: Infrastructure	Local Government & Housing c/o (LGH)	0	0	0	#DIV/0!
TOTAL : CHIEF OPERATIONS OFFICER		**65,441,265**	**14,028,601**	**51,412,664**	**21%**
DIRECTORATE OF FINANCIAL SERVICES					
KWT Civic Centre Payments Hall Upgrade	Own Funds c/o	700,000	222,208	477,792	32%
Laptop insurance claim	Own Funds	7,492	7,492	0	100%
Implementation of Intenda Electronic Software System	Department of Local Government & Traditional Affairs c/o	10,643	0	10,643	0%
Meter reading handheld machines	Own Funds	2,856,000	2,072,667	783,333	73%
Upgrading of All Zone Offices - Mdantsane	Own Funds c/o	0	0	0	#DIV/0!
TOTAL : DIRECTORATE OF FINANCIAL SERVICES		**3,574,135**	**2,302,367**	**1,271,768**	**64%**
DIRECTORATE OF CORPORATE SERVICES					
BCM IT Requirements (All Directorates)	Own Funds	5,000,000	4,616,550	383,450	92%
Laptop - S.Fuma - A10/116	Own Funds	7,493	7,493	0	100%
Laptop - L. Kapp - A11/116	Own Funds	9,000	6,657	2,343	74%
6XDesktop Computers & 2x Printers - A11/98	Own Funds	45,000	0	45,000	0%
Telecommunication network system	Own Funds c/o	202,275	73,966	128,309	37%
Integrated Enterprise Resource planning System	Own Funds	2,000,000	0	2,000,000	0%
Conferencing system	Own Funds c/o	260,030	248,858	11,172	96%
Radio Data Network - Mdantsane	Own Funds c/o	175,231	170,629	4,602	97%
TOTAL : DIRECTORATE OF CORPORATE SERVICES		**7,699,029**	**5,124,153**	**2,574,876**	**67%**
DIRECTORATE OF ENGINEERING SERVICES					
Electrification	DoE(Intergrated National Electrification Programme)	26,895,000	20,641,201	6,253,799	77%
Replacement of Street Lights	Electricity Demand Side Management Grant	4,000,000	3,926,791	73,209	98%
Laptop - A11/71	Own Funds	9,500	7,717	1,783	81%
West Bank Restitution	Urban Settlement Development Grant	15,000,000	10,147,036	4,852,964	68%
Rural Roads Upgrade	Urban Settlement Development Grant	5,000,000	1,849,678	3,150,322	37%
Upgrading and Rehabilitation of BCMM Roads - Duncan Village	Urban Settlement Development Grant	1,000,000	978,711	21,289	98%
Upgrading and Rehabilitation of BCMM Roads - Ducats	Urban Settlement Development Grant	1,250,000	0	1,250,000	0%
Upgrading and Rehabilitation of BCMM Roads - Zwelitsha	Urban Settlement Development Grant	1,000,000	1,285,526	-285,526	129%
Upgrading and Rehabilitation of BCMM Roads - Dimbaza	Urban Settlement Development Grant	1,000,000	579,363	420,637	58%
Upgrading and Rehabilitation of BCMM Roads - Phakamisa	Urban Settlement Development Grant	1,250,000	0	1,250,000	0%
Upgrading and Rehabilitation of BCMM Roads - Scenery park / Reeston	Urban Settlement Development Grant	1,000,000	117,733	882,267	12%

BUFFALO CITY METROPOLITAN MUNICIPALITY

APPENDIX N

CAPITAL PROGRAMME BY PROJECT REPORT AS AT 30 JUNE 2012

Upgrading and Rehabilitation of BCMM Roads - Nonkcampa	Urban Settlement Development Grant	600,000	588,377	11,623	98%
Upgrading and Rehabilitation of BCMM Roads - Ndileka	Urban Settlement Development Grant	600,000	0	600,000	0%
Upgrading and Rehabilitation of BCMM Roads - Zabalaza	Urban Settlement Development Grant	600,000	0	600,000	0%
Upgrading and Rehabilitation of BCMM Roads - Upper Mngqesha	Urban Settlement Development Grant	600,000	279,167	320,833	47%
Upgrading and Rehabilitation of BCMM Roads - Tsholomnqa	Urban Settlement Development Grant	106,789	98,808	7,981	93%
Mdantsane Roads	Urban Settlement Development Grant	42,375,700	19,780,117	22,595,583	47%
Rehabilitation of Rural Roads Upgrade	Urban Settlement Development Grant	5,000,000	2,212,215	2,787,785	44%
West Bank Restitution	DBSA Phase 4 & 5 c/o	4,309,413	4,309,412	1	100%
West Bank Restitution	Own Funds c/o	1,268,011	0	1,268,011	0%
Rural and Urban Roads	DBSA Phase 4 & 5 c/o	5,757,674	5,201,543	556,131	90%
Rural and Urban Roads	Own Funds c/o	4,242,326	0	4,242,326	0%
Scada equipment-A11/82	Own Funds	93,000	79,472	13,528	85%
Nord Avenue Pump station	Urban Settlement Development Grant	4,000,000	630,288	3,369,712	16%
Quinera Treatment Works	Urban Settlement Development Grant	39,000,000	280,572	38,719,428	1%
Waste Water Treatment Capacity (Zwelitsha)	Urban Settlement Development Grant	15,000,000	12,405,399	2,594,601	83%
Reeston Phase 3 Bulk Services Sewer	Urban Settlement Development Grant	23,500,000	1,454,434	22,045,566	6%
Relocation of Miblocks - Mdantsane	Urban Settlement Development Grant	0	0	0	#DIV/0!
Coastal & Midlands Infrastructure	Urban Settlement Development Grant	0	0	0	#DIV/0!
Bufferstrip Sanitation - Mdantsane	Urban Settlement Development Grant	15,000,000	14,437,534	562,466	96%
KWT & Bisho Infrastructure (water)	Urban Settlement Development Grant	0	0	0	#DIV/0!
Augmentation of Water Treatment Capacity - Umzonyana/Raising Upper weir	Urban Settlement Development Grant	0	0	0	#DIV/0!
Amahleke	Urban Settlement Development Grant	0	0	0	#DIV/0!
Mdantsane Sewers - Refurbishment	Urban Settlement Development Grant	5,000,000	4,834,581	165,419	97%
Flow Meter Chamber Unit - A11/16	Own Funds	26,430	26,430	0	100%
Diversion of Amalinda and Wilsonia effluent to Reeston	Urban Settlement Development Grant	22,000,000	6,797,723	15,202,277	31%
Leak Detector Machine - A10/67	Own Funds	232,000	135,182	96,818	58%
Augmentation of Water Treatment Capacity - Umzonyana/Raising Upper weir	Urban Settlement Development Grant	5,000,000	4,984,423	15,577	100%
Inland Rural Sanitation (Dimbaza Villages,Ngxwalane and Kwalini)	Urban Settlement Development Grant	36,000,000	16,711,573	19,288,427	46%
Eastern Beach Sewers	Urban Settlement Development Grant	2,000,000	1,911,234	88,766	96%
Chemical toilets	Urban Settlement Development Grant	2,000,000	2,000,000	0	100%
Sludge handling facility	Urban Settlement Development Grant	2,800,000	1,107,165	1,692,836	40%
Winterstrand Water Supply	Urban Settlement Development Grant	0	0	0	#DIV/0!
Insurance vehicle replacement - M10/33	Own Funds	155,000	144,605	10,395	93%
Quinera Treatment Works	Municipal Infrastructure Grant c/o	8,508,421	0	8,508,421	0%
Bufferstrip Sanitation - Mdantsane	Municipal Infrastructure Grant c/o	201,328	0	201,328	0%
Construct. High level reservoir - Breidbach	Municipal Infrastructure Grant c/o	0	0	0	#DIV/0!
Bulk Water Supply - Needscamp	Municipal Infrastructure Grant c/o	0	0	0	#DIV/0!
Rural Sanitation	Municipal Infrastructure Grant c/o	15,000,000	0	15,000,000	0%
Winterstrand Water Supply	Urban Settlement Development Grant	2,000,000	1,884,695	115,305	94%
Insurance vehicle replacement - M10/172	Own Funds	500,000	0	500,000	0%
Bulk Water Supply - Needscamp	Municipal Infrastructure Grant c/o	5,300,000	0	5,300,000	0%
Bulk Water Supply Newlands and other areas	Urban Settlement Development Grant	1,000,000	805,262	194,738	81%
Augmentation of Water Treatment Capacity - Umzonyana/Raising Upper weir	Urban Settlement Development Grant	2,000,000	1,192,124	807,876	60%
Ward 33 Bulk Water Supply Scheme	Urban Settlement Development Grant	7,000,000	2,289,047	4,710,953	33%
Bulk Water Supply Coastal Areas	Urban Settlement Development Grant	8,000,000	7,775,733	224,267	97%

KWT & Bisho Infrastructure (water)	Urban Settlement Development Grant	2,500,000	0	2,500,000	0%
Amahleke	Urban Settlement Development Grant	1,000,000	0	1,000,000	0%
Amahleke Water Supply	Municipal Infrastructure Grant c/o	961,009	961,009	0	100%
Bulk water supply - Newlands & other areas	Municipal Infrastructure Grant c/o	47,927	41,868	6,059	87%
Construct. High level reservoir - Breidbach	Municipal Infrastructure Grant c/o	100,000	100,000	0	100%
Relocation of Miblocks - Mdantsane	Urban Settlement Development Grant	3,000,000	0	3,000,000	0%
Laptop - A11/53	Own Funds	9,000	7,741	1,259	86%
Insurance vehicle insurance - M10/42	Own Funds	560,000	0	560,000	0%
Coastal & Midlands Infrastructure	Urban Settlement Development Grant	1,500,000	408,734	1,091,266	27%
Building Security	Own Funds c/o	125,659	57,515	68,144	46%
Electrification - Counterfunding Reeston & Other Areas	Own Funds c/o	0	0	0	#DIV/0!
Heritage Desk, 5 Tier Bookcase - A11/13	Own Funds	24,000	20,696	3,304	86%
Replacement: Brushcutters- A11/19	Own Funds	6,400	5,595	805	87%
500KVA Mini-substation - Cemetery -RD -A11/32	Own Funds	283,600	267,485	16,115	94%
200KVA Pole Transformer: Taleni - A10/91	Own Funds	53,800	40,717	13,083	76%
200KVA Pole Transformer: Taleni - A11/25	Own Funds	46,500	40,717	5,783	88%
Dunlop Substation - A10/111	Own Funds	371,000	370,582	418	100%
Robbie de lange substation - A10/85	Own Funds	170,870	132,096	38,774	77%
Minibus : Ray Craib Crescent - A11/02	Own Funds	71,000	2,486	68,514	4%
Substation : Dunga Street - A11/26	Own Funds	20,300	17,778	2,522	88%
Ring main unit: Shiden Drive - A10/93	Own Funds	79,900	70,018	9,882	88%
Radio Repeater Transformer - A11/39	Own Funds	9,960	9,960	0	100%
High Mast Lighting - Sweetwaters	Own Funds	900,000	602,928	297,072	67%
Streetlighting & Hymast	Own Funds	300,000	296,593	3,407	99%
Electrification - Counterfunding Reeston & Other areas	Own Funds	2,000,000	0	2,000,000	0%
Upgrade of Bulk Electricity Infrastructure	Own Funds	1,889,492	1,540,317	349,175	82%
Electricity Building Upgrade- Ablution Blocks	Own Funds c/o	165,923	153,416	12,507	92%
Upgrade-Bulk Electricity Infrastructure	DBSA Phase 4	3,662,418	3,662,418	0	0%
Upgrade-Bulk Electricity Infrastructure	DBSA Phase 5	2,348,090	2,348,090	0	0%
Insurance vehicle replacement-M10/103	Own Funds	450,000	0	450,000	0%
Upgrade Electricity Reticulation (KWT and Coastal)	Own Funds c/o	51,174	50,946	228	100%
Vehicle V382 - FBR 776 EC - M09/182	Own Funds	510,000	0	510,000	0%
Rehabilitation of BCM bridges and culverts(Breidbach, Dimbaza, Quigney)	Own Funds c/o	1,972,996	1,972,996	0	100%
Rehabilitation of Rural Roads Upgrade	Municipal Infrastructure Grant c/o	856,328	0	856,328	0%
Upgrading and Rehabilitation of BCMM Roads - Nomgwadla	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%
Upgrading and Rehabilitation of BCMM Roads - Ngxwalana	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%
Upgrading and Rehabilitation of BCMM Roads - Msintsini	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%
Upgrading and Rehabilitation of BCMM Roads - Kwelera	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%
Upgrading and Rehabilitation of BCMM Roads - Balasi	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%
Upgrading and Rehabilitation of BCMM Roads - Ncera Villages 5-9	Municipal Infrastructure Grant c/o	1,000,000	588,158	411,842	59%
Upgrading and Rehabilitation of BCMM Roads - Kuni, Needscamp	Municipal Infrastructure Grant c/o	1,000,000	0	1,000,000	0%
Upgrading and Rehabilitation of BCMM Roads - Tsholomqa	Municipal Infrastructure Grant c/o	493,211	465,320	27,891	94%
Rehabilitation of underground stormwater - Storm water Management System	Urban Settlement Development Grant	1,100,000	729,474	370,526	66%
Rehabilitation of underground stormwater - Amalinda forest	Urban Settlement Development Grant	1,000,000	318,749	681,251	32%

Rehabilitation of underground stormwater - Duncan village	Urban Settlement Development Grant	1,000,000	243,808	756,192	24%
Rehabilitation of underground stormwater - Dimbaza	Urban Settlement Development Grant	1,000,000	0	1,000,000	0%
Rehabilitation of underground stormwater - West Bank	Urban Settlement Development Grant	1,100,000	936,530	163,470	85%
Upgrade Augmentation	Own Funds c/o	525,250	0	525,250	0%
Ablution Blocks Duncan Village	Own Funds	2,095,378	226,123	1,869,255	11%
Bulk Sanitation	Eastern Cape Development Corperation c/o (ECDC)	67,358	0	67,358	0%
Upgrading of the Laboratory infrastructure and equipment	Own Funds c/o	908,588	668,409	240,179	74%
3 x Desktop Computers - A11/20	Own Funds	20,693	20,692	1	100%
Traffic and Law Enforcement Fleet	Own Funds c/o	3,000,000	352,368	2,647,632	12%
Replacement of Bus Fleet	Own Funds c/o	5,998,399	5,796,900	201,499	97%
BCM Fleet	Own Funds	7,500,000	7,529,076	-29,076	100%
TOTAL : DIRECTORATE OF ENGINEERING SERVICES		**401,036,815**	**184,949,176**	**216,087,639**	**46%**
DIRECTORATE OF DEVELOPMENT PLANNING					
Insurance vehicle replacement - M10/32	Own Funds	155,000	0	155,000	0%
Land Acquisition - Construction of Westbank Restitution Reservoir	Own Funds	600,000	441,882	158,118	74%
West Bank Restitution Project	Department of Land Affairs c/o	4,141,303	0	4,141,303	0%
West Bank Land Restitution	Department of Land Affairs c/o	243,551	0	243,551	0%
Construction of BRT lanes	Public Transport Infrastructure and Systems Grant (PTIS)	100,000,000	1,283,135	98,716,865	1%
BCM Urban Agriculture Infrastructure Development	Urban Settlement Development Grant	3,000,000	3,000,000	0	100%
Taxi Ranks	Urban Settlement Development Grant	3,200,000	843,750	2,356,250	26%
Gonubie Main Road	Urban Settlement Development Grant	10,000,000	3,907,220	6,092,780	39%
Potsdam/Needs Camp Bridge Feasibility Study	BCMET c/o	233,787	0	233,787	0%
Rural non Motorised Transport facilities	Own Funds c/o	330,600	152,828	177,772	46%
Traffic Management Measures	Own Funds c/o	1,814,607	218,220	1,596,387	12%
Pedestrian facilities	Own Funds c/o	343,908	0	343,908	0%
Guidance Signage	Own Funds c/o	586,446	0	586,446	0%
Yellowwoods River Bridge	Own Funds c/o	2,102,612	1,111,506	991,106	53%
Yellowwoods River Bridge	Own Funds	200,000	0	200,000	0%
Economic Infrastructure	Urban Settlement Development Grant	6,000,000	3,664,033	2,335,967	61%
Hydro-ponics - MDT	Department of Economic Affairs and Tourism c/o (DEDEAT)	5,239	0	5,239	0%
Inner City Regeneration- Pedestrian Priority Zone	Provincial Treasury Office - LED Support Programme c/o	375,269	0	375,269	0%
Desktop Computer - A10/58	Own Funds	7,850	7,850	0	100%
Tourism infrastructure development	Own Funds c/o	1,797,478	581,579	1,215,899	32%
Roll – Out Hydroponics	Own Funds c/o	3,630,503	2,512,830	1,117,673	69%
Buffalo City Agric & Rural Development Infrastructure	Own Funds c/o	2,793,001	1,588,501	1,204,500	57%
Cooperative Support Programme	Own Funds c/o	246,455	0	246,455	0%
Upgrade of Market	Own Funds c/o	959,895	519,758	440,137	54%
Extension of Sales Hall	Own Funds	2,000,000	0	2,000,000	0%
TOTAL :DIRECTORATE OF DEVELOPMENT PLANNING		**144,767,504**	**19,833,092**	**124,934,412**	**14%**
DIRECTORATE OF HEALTH AND PUBLIC SAFETY					
Fire Station - KWT	Urban Settlement Development Grant	6,227,453	3,018,106	3,209,347	48%
Generator - A11/73	Own Funds	9,000	7,140	1,860	79%
Upgrade Mdantsane Fire Stations	European Commission c/o	0	0	0	#DIV/0!

Computer & Globe Surfer - A10/113	Own Funds	9,246	9,246	0	100%
3 x Fridges - A10/106	Own Funds	7,103	7,103	0	100%
Clinics	Urban Settlement Development Grant	2,100,000	0	2,100,000	0%
Air quality monitoring station equipment	Own Funds c/o	100,268	83,600	16,668	83%
Mobile Clinics Equipment	Own Funds c/o	235,495	230,981	4,514	98%
Upgrading of Clinics - Ginsberg	Own Funds c/o	698,124	498,657	199,467	71%
Desktop computer - A10/56	Own Funds	7,235	7,234	1	100%
KWT Fire Station	Own Funds c/o	1,999,999	401,971	1,598,028	0%
Fire Engine R/O	DBSA Phase 4	11,651,923	11,651,923	0	0%
Insurance vehicle replacement - M10/189	Own Funds	265,000	0	265,000	0%
Insurance vehicle replacement- M10/27	Own Funds	265,000	0	265,000	0%
Law Enforcement Equipment	Own Funds c/o	18,602	18,187	415	98%
Traffic Vehicles	Own Funds	450,000	42,608	407,392	9%
Insurance vehicle replacement - M09/131	Own Funds	220,000	0	220,000	0%
Learners Licence Centre - Mdantsane	Own Funds	1,000,000	0	1,000,000	0%
Fire Engines Roll 0ver	Own Funds c/o	4,106,923	1,287,538	2,819,385	31%
Fire Engine Equipment	Own Funds c/o	2,371,404	1,940,778	430,626	82%
KWT Fire Station	DBSA Phase 4 & 5 c/o	1	0	1	16%
Flood Relocation (DM Structures)	Disaster Management Fund c/o	41,025	0	41,025	0%
Disaster Management Capacity	Disaster Management Fund c/o	36,790	23,730	13,060	65%
Disaster Management Centres	Disaster Management Fund c/o	84,779	84,779	0	100%
TOTAL : DIRECTORATE OF HEALTH AND PUBLIC SAFETY		**31,905,370**	**19,313,581**	**12,591,789**	**61%**
DIRECTORATE OF COMMUNITY SERVICES					
Development of Community Parks(Mdantsane, Potsdam, Reeston)	Urban Settlement Development Grant	1,016,303	543,405	472,898	53%
Brushcutter - A10/102	Own Funds	8,373	8,373	1	100%
3 x Brushcutters - A11/15	Own Funds	25,602	25,602	0	100%
Development of 3 New Cemetries(Inland, Midland and Coastal)	Urban Settlement Development Grant	3,000,000	557,180	2,442,820	19%
Insurance vehicle replacement - M07/212	Own Funds	0	0	0	#DIV/0!
Desktop Computer - A10/127	Own Funds	7,328	7,328	0	100%
Scenery Park Community Hall	Urban Settlement Development Grant	2,000,000	1,934,503	65,497	97%
Viper Polisher - A09/105	Own Funds	8,500	8,500	0	100%
Insurance vehicle replacemen - M11/55	Own Funds	285,000	0	285,000	0%
Insurance vehicle replacement - M09/153	Own Funds	0	0	0	#DIV/0!
Solid waste management	Urban Settlement Development Grant	2,800,000	1,735,195	1,064,805	62%
Planning of designs of Third Cell	Urban Settlement Development Grant	500,000	88,335	411,665	18%
Sport Facilities	Urban Settlement Development Grant	2,000,000	281,524	1,718,476	14%
Insurance vehicle replacement - M11/02	Own Funds	160,000	0	160,000	0%
Purchase of 7 Refuse Compactor Trucks - Mdantsane	Own Funds	10,500,000	8,669,205	1,830,795	83%
Purchase of 3 Refuse Compactor Trucks (Mdantsane)	Own Funds	4,500,000	0	4,500,000	0%
Purchase of 2 x LDV Bakkie's	Own Funds	460,000	0	460,000	0%
Purchase of 1 X Load lugger	Own Funds	800,000	0	800,000	0%
Refuse 5 Compactor Trucks - Coastal Region	Own Funds	10,000,000	8,013,650	1,986,350	80%
Vehicles for Solid Waste Supervisors, Safety Officers, District Cleansing Officers and Superintendents -(9 X Sedans, 8 LDV's, 3 X Double Cabs, 2X3 Ton Trucks (Inland,Midlands and Coastal Areas)	Own Funds	4,000,000	2,466,473	1,533,527	62%
Miscallaneous Bins	Own Funds c/o	0	0	0	#DIV/0!
9 x Brushcutters - A10/117	Own Funds	76,005	76,005	0	100%

6 x Brushcutters, Pruner, Chainsaw - A11/22	Own Funds	78,000	70,822	7,178	91%
Rotovor - A11/30	Own Funds	15,000	11,841	3,159	79%
3xBrushcutters & 1 x Blower -A11/30	Own Funds	35,000	30,036	4,964	86%
Insurance vehicle replacement - M07/212	Own Funds	298,224	0	298,224	0%
Fencing of Rural Cemeteries Upgrade	Own Funds c/o	314,956	211,310	103,646	67%
3x Brushcutters - A11/105	Own Funds	33,000	0	33,000	0%
9x Brushcutters - A11/95	Own Funds	88,000	76,727	11,273	87%
Dry Sanitation & Greywater Recycling	Department of Science & Technology c/o (DST)	173,830	0	173,830	0%
Waste Minimisation	Department of Science & Technology c/o (DST)	160,317	150,000	10,317	94%
Egerton Railway Station Massacre Memorail Site	Office of the Premier c/o	500,000	432,579	67,421	87%
Continuation of refurbishment of KWT Hall / Cambridge	Own Funds	2,792,507	1,714,673	1,077,834	61%
Upgrading of Beacon Bay Library	Own Funds	363,795	357,170	6,625	98%
Rural Communit Halls Rehabilitation (Airport St Mary)	Municipal Infrastructure Grant c/o	625,764	424,229	201,535	68%
1X Lawnmower & 1 X Brushcutter -A11/59	Own Funds	36,000	24,931	11,069	69%
1xBlower, Pole Pruner, Microphone - A11/88	Own Funds	56,000	45,833	10,167	82%
Rural Sports Facilities	Municipal Infrastructure Grant c/o	406,901	406,901	0	100%
CCTV Camera System - A10/30	Own Funds	17,100	14,934	2,166	87%
Upgrading of Needs Camp Sportfield	Own Funds c/o	2,500,000	0	2,500,000	0%
Upgrading of Rural Sportsfields	Own Funds c/o	72,038	58,296	13,742	81%
Ruth Belonsky Swimming Pool	Own Funds	12,720	0	12,720	0%
Zoo CCTV Camera System - A11/84	Own Funds	46,000	45,984	16	100%
3X Brushcutters - A11/112	Own Funds	33,000	28,860	4,140	87%
Upgrading Of Zoo Offices & Ablution Blocks	Own Funds c/o	723,254	172,876	550,378	24%
Fencing Of Zoo c/o	Own Funds c/o	606,481	238,658	367,823	39%
Intergrated Beach Front hub	Own Funds	500,000	0	500,000	0%
Isuzu NQR 500 Cage Tipper - M09/153	Own Funds c/o	0	0	0	#DIV/0!
Grass Cutting Equipment	Own Funds	1,300,000	562,361	737,639	43%
Insurance vehicle replacement : M09/198	Own Funds	1,700,000	0	1,700,000	0%
Refuse removal Skips	Own Funds	1,000,000	684,204	315,796	68%
Drop Off Points - Solid Waste	Own Funds c/o	0	0	0	#DIV/0!
Regional Waste Disposal Site	Own Funds	1,000,000	0	1,000,000	0%
TOTAL : DIRECTORATE OF COMMUNITY SERVICES		**57,634,998**	**30,178,502**	**27,456,496**	**52%**
TOTAL: CAPITAL PROJECTS - ALL DIRECTORATES		**729,035,035**	**278,887,697**	**450,147,338**	**38%**
Insurance Asset Replacement	Own Funds	2,506,349	0	2,506,349	0%
TOTAL: CAPITAL PROJECTS - GRAND TOTAL		**731,541,384**	**278,887,697**	**452,653,687**	**38%**

Appendix O: Capital Programme by project by Ward current year

BUFFALO CITY METROPOLITAN MUNICIPALITY

APPENDIX O

CAPITAL PROGRAMME BY PROJECT BY WARD REPORT AS AT 30 JUNE 2012

Project Name	Ward No.	Funding (source)	Mid -Year Adjustment Budget	YTD Exp.	Variance	% Expenditure vs Mid year Adjustment Budget	DATE OF COMPLETION	COMMENTS
EXECUTIVE SUPPORT SERVICES								
Councillor's office	1-50	Own Funds c/o	2,060,845	269,326	1,791,519	13%		The specification for the the furniture has been done and the tender will be advertised very soon.
Upgrading of Sisa Dukashe, New Lands, Ndevana Stadium	11,49,26	Department of Sports, Arts & Culture c/o (SARC)	2,272,303	403,279	1,869,024	18%		SISA DUKASHE & GOMPO - Project is complete & handed over to Community Srvices Directorate. NEWLANDS & NDEVANA - Project is on termination stage & waiting for approval.
Upgrading of Bisho, Dimbaza, Peelton, Madramini & Victoria Grounds Stadium	36,37,45,43	Department of Sports, Arts & Culture c/o (SARC)	6,598,469	226,767	6,371,702	3%		BISHO, PEELTON, DIMBAZA - Contractors doing the work was terminated due to poor performance, LOWER MNGQESHA - No funds VICTORIA GROUNDS - project is complete and handed over to community services. Only renovation to Floodlights that requires R1.5m to upgrade
Upgrading of Tsholomnqa, Parkside, Needs Camp & North	32,10,38,47	Department of Sports, Arts & Culture c/o (SARC)	2,208,935	589,162	1,619,773	27%		TSHOLOMNQA, PARKSIDE & NORTHEND: Project is complete & handed over to community services. NEEDSCAMP - Project is complete & water problem in the area & issue is currently addressed by BCMM water section & Amatola Water.
Laptop - V Tokwe - A11/90	N/A	Own Funds	9,000	0	9,000	0%		
Leiden Twinning - Floodplain		Leiden Platform c/o	488,000	0	488,000	0%		Transfer of land in Duncan Village from EC Dept of Local Government and traditional Affairs still a challenge. Funding for Floodplain/Safe Park; multiyear project
Leiden Twinning - Solid Waste Drop-off Points	6,7,8,9,10	Leiden Platform c/o	974,718	0	974,718	0%		SCM and legal challenges. - Multiyear project
Leiden Twinning - Sanitation		Leiden Platform c/o	746,897	730,105	16,792	98%		Challenges with Cambridge Location project - Sanitation department to sort out and advise progress with opening of facilities.
Leiden Twinning Project - Solid Waste	6,7,8,9,10	Leiden Platform c/o	512,606	0	512,606	0%		Solid waste project for 2012/2013 following study by Utrecht university in Netherlands.
3 x Computers & Accessories - A10/107	N/A	Own Funds	22,146	22,146	0	100%		Actioned
3 x Computers, Accessories, plasma - A10/124	N/A	Own Funds	32,000	26,044	5,956	81%		Requistion for Additional computers to be purchased for staff at call centre. IT has requisition.
TOTAL : EXECUTIVE SUPPORT SERVICES			**15,925,919**	**2,266,828**	**13,659,091**	**14%**		
MUNICIPAL MANAGER								
Furniture	N/A	Own Funds	50,000	0	50,000	0%	41061	Arrangements to procure furniture for the MPAC chairpersom is underway, this budget was made available during the budget adjustment process. Expenditure will be completed within this financial year.
Councillor's IT requirements (Laptops)	N/A	Own Funds	1,000,000	891,397	108,603	89%	41061	The departnment is satisfied with the current expenditure for this project and it is anticipated that the project will be completed within this financial year.
TOTAL : MUNICIPAL MANAGER			**1,050,000**	**891,397**	**158,603**	**85%**		
					0			
CHIEF OPERATIONS OFFICER								
Manyano & Thembelihle Phase 2-P3	17	Urban Settlement Development Grant	19,055,300	7,786,725	11,268,575	41%	Internal services in the	The project was delayed by labour disputes between the contractor and the community which had been resolved. Revised schedule which was agreed with the contractor is behind and the contractor has been informed of the penalties. Budget will be rolled over to 2012/2013 financial year.
Second Creek (Turn Key)-P3	19	Urban Settlement Development Grant	13,940,770	177,428	13,763,342	1%	Internal services are at	The service provider has been appointed for the construction of both internal service and top structure. It is anticipated that the project will be completed in 13/14 financial year, however the funding is fully committed. Budget could not be spent in the current financial year due to procurement challenges.
Masibambane-P3	17	Urban Settlement Development Grant	250,000	24,561	225,439	10%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Masibulele-P3	17	Urban Settlement Development Grant	250,000	101,072	148,928	40%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Velwano	14	Urban Settlement Development Grant	450,000	24,561	425,439	5%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.

Chris Hani Park Phase 3-P3	12	Urban Settlement Development Grant	200,000	0	200,000	0%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Ilinge -P 3	12	Urban Settlement Development Grant	600,000	240,000	360,000	40%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Gwentshe Village- P3	14	Urban Settlement Development Grant	50,000	24,561	25,439	49%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Fynbos Informal 1-P3	10	Urban Settlement Development Grant	500,000	77,000	423,000	15%	Financial year 2013 / 2	Service provider has been appointed for the planning, design and project management. It is anticipated that the project will be completed in 14/15 financial year, however the funding is fully committed.
Fynbos Informal 2-P3	10	Urban Settlement Development Grant	500,000	0	500,000	0%	Financial year 2013 / 2	Service provider has been appointed for the planning, design and project management. It is anticipated that the project will be completed in 14/15 financial year, however the funding is fully committed.
Mathemba Vuso-P3	14	Urban Settlement Development Grant	300,000	24,561	275,439	8%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Deluxolo Village-P3	20	Urban Settlement Development Grant	200,000	0	200,000	0%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Francis Mei-P3	20	Urban Settlement Development Grant	100,091	0	100,091	0%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Mahlangu Village-P3	21	Urban Settlement Development Grant	200,000	0	200,000	0%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Sisulu Village-P3	11	Urban Settlement Development Grant	300,000	0	300,000	0%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Winnie Mandela-P3	17	Urban Settlement Development Grant	400,000	0	400,000	0%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Dacawa-P3	12	Urban Settlement Development Grant	400,000	0	400,000	0%	Financial year 2013 / 2	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Sunny South-P3	31	Urban Settlement Development Grant	600,000	82,825	517,175	14%	Project will be complet	Service provider has been appointed. The project is a multi- year, allocated unspent funding to rolled over to 2012/2013 financial year.
Potsdam Unit p : Stage 2 P3	21	Urban Settlement Development Grant	1,360,000	1,360,000	0	100%	Project will be complet	Site verifications were done by the consultant, annual contractor is on site finalizing the rectification of the sewer connections.
Block yard TRA-P3	6	Urban Settlement Development Grant	2,500,000	0	2,500,000	0%	Project will be complet	Procurement delays due to budget shortfall. Additional funding has been allocated in the mid - year adjustment budget. Contractor has been appointed. There are delays in the commencement of the contractor due to insufficient documentation (working drawings) that are still held by the liquidated consultant. the matter is being resolved between Engineering and Legal department
Reeston Phase 3 Stage 2-P3	13	Human Settlement Development Grant	15,000,000	3,954,467	11,045,533	26%	Final completion antici	Contractor has been appointed and site handover was held on 14 March 2012.Contractor is progressing on site
DVRI Pilot project 323 units (Mekeni Competition site,Haven Hills)	6,8	Human Settlement Development Grant	7,241,014	66,732	7,174,282	1%	Project will be complet	Project is about 50% complete, the challenge is that the contract of the Contr
Block yard TRA-P3	6	Human Settlement Development Grant	668,500	0	668,500	0%	2012 / 2013 Financial y	Procurement delays due to budget shortfall. Additional funding has been allo
Computers & Computer Equip. - A10/72	N/A	Own Funds	5,225	5,225	0	100%	2011 / 2012 Financial y	Project complete, 100% expenditure incurred.
Potsdam Unit P: Stage 2; 1000 units: P3 Infrastructure	21	Local Government & Housing c/o (LGH)	336,462	78,882	257,580	23%	2011 / 2012 Financial y	Funding has been reserved for rectification of sewer connections to 115 sites
Accreditation	1-50	Local Government & Housing c/o (LGH)	33,903	0	33,903	0%	2011 / 2012 Financial y	It is projected that the allocated budget will be spent in this current financial year.
TOTAL : CHIEF OPERATIONS OFFICER			**65,441,265**	**14,028,601**	**51,412,664**	**21%**	**#VALUE!**	
DIRECTORATE OF FINANCIAL SERVICES	N/A							
KWT Civic Centre Payments Hall Upgrade	N/A	Own Funds c/o	700,000	222,208	477,792	32%	41274	Project to be restarted in the next financial year when additional funds are available.
Laptop insurance claim	N/A	Own Funds	7,492	7,492	0	100%		Project completed.
Implementation of Intenda Electronic Software System	N/A	Department of Local Government & Traditional Affairs c/o	10,643	0	10,643	0%		Consultants to be on site in April / May.
Meter reading handheld machines	N/A	Own Funds	2,856,000	2,072,667	783,333	73%		Tender at Evaluation stage.
TOTAL : DIRECTORATE OF FINANCIAL SERVICES			**3,574,135**	**2,302,367**	**1,271,768**	**64%**		

DIRECTORATE OF CORPORATE SERVICES								
BCM IT Requirements (All Directorates)	N/A	Own Funds	5,000,000	4,616,550	383,450	92%	31/03/2012	There are still outstanding invoice awaiting to be captured for payment at SCM.
Laptop - S.Fuma - A10/116	N/A	Own Funds	7,493	7,493	0	100%		Insurance claim. Project completed
Laptop - L. Kapp - A11/116	N/A	Own Funds	9,000	6,657	2,343	74%		Project completed.
6XDesktop Computers & 2x Printers - A11/98	N/A	Own Funds	45,000	0	45,000	0%		Invoice awaiting to be captured for payment by the SCM.
Telecommunication network system	N/A	Own Funds c/o	202,275	73,966	128,309	37%	30/11/2011	Invoice awaiting to be captured for payment by the SCM.
Integrated Enterprise Resource planning System	N/A	Own Funds	2,000,000	0	2,000,000	0%		Feasibility study roject has commenced and it is 77% complete. The funding will be carried over to the next financial year for implementation.
Conferencing system	N/A	Own Funds c/o	260,030	248,858	11,172	96%	30/11/2011	The project is complete
Radio Data Network - Mdantsane	N/A	Own Funds c/o	175,231	170,629	4,602	97%	30/11/2011	The project is complete
TOTAL : DIRECTORATE OF CORPORATE SERVICES			**7,699,029**	**5,124,153**	**2,574,876**	**67%**		
DIRECTORATE OF ENGINEERING SERVICES								
Electrification	13,25,43,34, 6	DoE(Intergrated National Electrification Programme)	26,895,000	20,641,201	6,253,799	77%	41061	ED329-Electrification Bulk Infrastructure Queenspark is a multi year project to be completed by 2016. Additional R5,895,000 was allocated by DoE. ED357-Cambridge Electrification completed ED361-Potsdam Unit P Electrification contractor performing poorly ROLL OVER of R5, 561,016 is required in order to continue with the Project. ED360-Reeston Electrification completed. ED363-Kwaklifu Electrification delay with start of project ROLL OVER OF R1M will be required.
Replacement of Street Lights	11,12,14,17, 20,21,22,23 ,30	Electricity Demand Side Management Grant	4,000,000	3,926,791	73,209	98%	41061	Energy Efficient Lighting Exchange Mdantsane - Installation of Lighting completed - Invoice for R73 000.00 submitted to SCM
Laptop - A11/71	N/A	Own Funds	9,500	7,717	1,783	81%		This vote is in respect of those assets that are replaced due to insurance claims. No expenditure is recorded against this vote as budget is transferred from this vote to individual capital votes when asset insurance claims are approved by insurers for those assets to be replaced. The original budget amount was R10 million and an amount of R5 109 100 has been transferred leaving a balance of R4 890 900.
West Bank Restitution	46	Urban Settlement Development Grant	15,000,000	10,147,036	4,852,964	68%	41082	The Roads construction is currently attending to the snags. The Bulk Sanitation infrastructure - contractor has been appointed end of May 2012. The Bulk Water infrastructure - tender was advertised on the 1 June 2012 and has closed on the 3 July 2012.
Rural Roads Upgrade	24-27,31-33,34,39,44	Urban Settlement Development Grant	5,000,000	1,849,678	3,150,322	37%	40998	Insufficient funds for upgrade & stormwater
Upgrading and Rehabilitation of BCMM Roads - Duncan Village	1,8	Urban Settlement Development Grant	1,000,000	978,711	21,289	98%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Upgrading and Rehabilitation of BCMM Roads - Ducats	29	Urban Settlement Development Grant	1,250,000	0	1,250,000	0%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Upgrading and Rehabilitation of BCMM Roads - Zwelitsha	41	Urban Settlement Development Grant	1,000,000	1,285,526	-285,526	129%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Upgrading and Rehabilitation of BCMM Roads - Dimbaza	34,36	Urban Settlement Development Grant	1,000,000	579,363	420,637	58%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Upgrading and Rehabilitation of BCMM Roads - Phakamisa	25	Urban Settlement Development Grant	1,250,000	0	1,250,000	0%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Upgrading and Rehabilitation of BCMM Roads - Scenery park / Reeston	13,	Urban Settlement Development Grant	1,000,000	117,733	882,267	12%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.

Upgrading and Rehabilitation of BCMM Roads - Nonkcampa	38	Urban Settlement Development Grant	600,000	588,377	11,623	98%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Upgrading and Rehabilitation of BCMM Roads - Ndileka	40	Urban Settlement Development Grant	600,000	0	600,000	0%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Upgrading and Rehabilitation of BCMM Roads - Zabalaza	36	Urban Settlement Development Grant	600,000	0	600,000	0%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Upgrading and Rehabilitation of BCMM Roads - Upper Mnggesha	36	Urban Settlement Development Grant	600,000	279,167	320,833	47%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Upgrading and Rehabilitation of BCMM Roads - Tsholomnqa	32	Urban Settlement Development Grant	106,789	98,808	7,981	93%	41082	At implementation, completion anticipated mid December 2011, delays due to unavailability of asphalt from the suppliers, phase 2 tender report is currently at SCM for point scoring.
Mdantsane Roads	Mdantsane (All)	Urban Settlement Development Grant	42,375,700	19,780,117	22,595,583	47%	40968	TORs for consultants to be presented to BSC in early January 2012 and advertise tender before end of January 2012. Work is being identified for the provision of sidewalks and overlays that can be done by annual contractors. Learner contractors to implement project for the remainder of 2011/12
Rehabilitation of Rural Roads Upgrade	All Wards	Urban Settlement Development Grant	5,000,000	2,212,215	2,787,785	44%	40998	Insufficient funds for rehabilitation,stormwater challenges
West Bank Restitution	46	DBSA Phase 4 & 5 c/o	4,309,413	4,309,412	1	100%	40983	ongoing
West Bank Restitution	46	Own Funds c/o	1,268,011	0	1,268,011	0%		
Rural and Urban Roads	24-27,31-33,34,39,44	DBSA Phase 4 & 5 c/o	5,757,674	5,201,543	556,131	90%	40998	ongoing
Rural and Urban Roads	24-27,31-33,34,39,44	Own Funds c/o	4,242,326	0	4,242,326	0%		
Scada equipment-A11/82	N/A	Own Funds	93,000	79,472	13,528	85%		This vote is in respect of those assets that are replaced due to insurance claims. No expenditure is recorded against this vote as budget is transferred from this vote to individual capital votes when asset insurance claims are approved by insurers for those assets to be replaced. The original budget amount was R10 million and an amount of R5 109 100 has been transferred leaving a balance of R4 890 900.
Nord Avenue Pump station	29	Urban Settlement Development Grant	4,000,000	630,288	3,369,712	16%	6 months construction	None of the bidders met the requirements, the tender to be re-advertised
Quinera Treatment Works	28	Urban Settlement Development Grant	39,000,000	280,572	38,719,428	1%	8 months construction	Delays were due in change from an electrical, mechanical and civil engineering to a water works treatment approach, contract awarded but delayed due to lengthy adjudication process.
Waste Water Treatment Capacity (Zwelitsha)	39	Urban Settlement Development Grant	15,000,000	12,405,399	2,594,601	83%	41122	At implementation with some contractual dispute that is delaying the project.
Reeston Phase 3 Bulk Services Sewer	13	Urban Settlement Development Grant	23,500,000	1,454,434	22,045,566	6%	41548	At implementation with anticipated completion in April 2013
Bufferstrip Sanitation - Mdantsane	14, 42	Urban Settlement Development Grant	15,000,000	14,437,534	562,466	96%	41000	At implementation with anticipated completion end of July 2012.
Mdantsane Sewers - Refurbishment	42	Urban Settlement Development Grant	5,000,000	4,834,581	165,419	97%	41061	Service providers completed the Mdantsane Prison sewer and sewer connections within Gqozo Village Phase 1 in Mdantsane
Flow Meter Chamber Unit - A11/16	N/A	Own Funds	26,430	26,430	0	100%		
Diversion of Amalinda and Wilsonia effluent to Reeston	5	Urban Settlement Development Grant	22,000,000	6,797,723	15,202,277	31%	41306	Wilsonia Interceptor Phase 1: An appointment has been made at the end of March 2012 with anticipated completion in March 2013 and drilling contract (investigation phase2) contractor has been appointed in May 2012
Leak Detector Machine - A10/67	N/A	Own Funds	232,000	135,182	96,818	58%		Tender closed on 02 February 2012 and all tenders were non responsive, therefore it will be re-advertised.
Augmentation of Water Treatment Capacity - Umzonyana/Raising Upper weir	1-33,45-50	Urban Settlement Development Grant	5,000,000	4,984,423	15,577	100%	41820	Roll over. Multi year project
Inland Rural Sanitation (Dimbaza Villages,Ngxwalane and Kwalini)	35, 36, 37, 39, 40, 41, 43, 44	Urban Settlement Development Grant	36,000,000	16,711,573	19,288,427	46%	41609	Phase 2 delayed due to public participation processes that were conducted between August and December 2011. The tender report is with committees.

Eastern Beach Sewers	18	Urban Settlement Development Grant	2,000,000	1,911,234	88,766	96%	41609	The appointed service provider is currently finalising the contract documentation for the eastern beach sewer. The EIA is in the process of being submitted to DEAT for approval. Funds for this phase of the project are fully committed for this financial year.
Chemical toilets	8, 28, 36, 45, 50	Urban Settlement Development Grant	2,000,000	2,000,000	0	100%	41609	Contracts from last financial year 2010/11 have been completed. New contracts for this year to be advertised before end of February 2012.
Sludge handling facility	20	Urban Settlement Development Grant	2,800,000	1,107,165	1,692,836	40%	41609	Service providers undertook the rehabilitation of the sludge drying beds at the Mdantsane East WWTW. Funding recieved in March 2012. Delays with the delivery of media for drying beds.
Insurance vehicle replacement - M10/33	N/A	Own Funds	155,000	144,605	10,395	93%		
Quinera Treatment Works	28	Municipal Infrastructure Grant c/o	8,508,421	0	8,508,421	0%		Tender report being considered by the Bid Committees.
Bufferstrip Sanitation - Mdantsane	14, 42	Municipal Infrastructure Grant c/o	201,328	0	201,328	0%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget.
Rural Sanitation	35, 36, 37, 39, 40, 41, 43, 44	Municipal Infrastructure Grant c/o	15,000,000	0	15,000,000	0%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget.
Winterstrand Water Supply	28,42	Urban Settlement Development Grant	2,000,000	1,884,695	115,305	94%		Roll over. Multi year project under construction and to be completed in October 2012 with funding for 2012/2013.
Insurance vehicle replacement - M10/172	N/A	Own Funds	500,000	0	500,000	0%		Funds allocated 11 November 2011. Fleet Management to purchase.
Bulk Water Supply - Needscamp	33	Municipal Infrastructure Grant c/o	5,300,000	0	5,300,000	0%		Mig roll over was approved in February 2012 and tender is at BAC stage, part of the fund will be utilised on the upgrading of the water scheme in ward 33 that is on-going.Awaiting letter of award. ROLL OVER TO 2012/13
Bulk Water Supply Newlands and other areas	13-23	Urban Settlement Development Grant	1,000,000	805,262	194,738	81%	41061	Spent
Augmentation of Water Treatment Capacity - Umzonyana/Raising Upper weir	12,13	Urban Settlement Development Grant	2,000,000	1,192,124	807,876	60%		Roll over. Multi year project
Ward 33 Bulk Water Supply Scheme	33	Urban Settlement Development Grant	7,000,000	2,289,047	4,710,953	33%	41426	Awaiting letter of award. ROLL OVER TO 2012/13
Bulk Water Supply Coastal Areas	31	Urban Settlement Development Grant	8,000,000	7,775,733	224,267	97%	41000	roll over, multi year project. Phase 1E and 1F have been completed.
KWT & Bisho Infrastructure (water)	28,42	Urban Settlement Development Grant	2,500,000	0	2,500,000	0%		Spent
Amahleke Water Supply	37	Urban Settlement Development Grant	1,000,000	0	1,000,000	0%		Committed for full expenditure
Amahleke Water Supply	37	Municipal Infrastructure Grant c/o	961,009	961,009	0	100%	41426	spent
Bulk water supply - Newlands & other areas	13-23	Municipal Infrastructure Grant c/o	47,927	41,868	6,059	87%	41426	Roll over. Multi year project
Construct. High level reservoir - Breidbach	42	Municipal Infrastructure Grant c/o	100,000	100,000	0	100%		spent
Relocation of Miblocks - Mdantsane	Mdantsane (All)	Urban Settlement Development Grant	3,000,000	0	3,000,000	0%		spent
Laptop - A11/53	N/A	Own Funds	9,000	7,741	1,259	86%	40969	Request to procure the laptop has been submitted to IT
Insurance vehicle insurance - M10/42	N/A	Own Funds	560,000	0	560,000	0%		
Coastal & Midlands Infrastructure	1-33,45-50	Urban Settlement Development Grant	1,500,000	408,734	1,091,266	27%		spent
Building Security	N/A	Own Funds c/o	125,659	57,515	68,144	46%		Lights have been installed, invoice awaited to settle costs. More work to be done at the entrance of the Office building.
Heritage Desk, 5 Tier Bookcase - A11/13	N/A	Own Funds	24,000	20,696	3,304	86%		Insurance Claim - Completed
Replacement: Brushcutters- A11/19	N/A	Own Funds	6,400	5,595	805	87%		Insurance Claim - Completed
500KVA Mini-substation - Cemetery -RD - A11/32	6	Own Funds	283,600	267,485	16,115	94%		Insurance Claim - Completed
200KVA Pole Transformer: Taleni - A10/91	15	Own Funds	53,800	40,717	13,083	76%		Insurance Claim - Completed
200KVA Pole Transformer: Taleni - A11/25	15	Own Funds	46,500	40,717	5,783	88%		Insurance Claim - Completed
Dunlop Substation - A10/111	13	Own Funds	371,000	370,582	418	100%		Insurance Claim - Completed
Robbie de lange substation - A10/85	13	Own Funds	170,870	132,096	38,774	77%		Insurance Claim - Completed
Minibus : Ray Crab Crescent - A11/02	28	Own Funds	71,000	2,486	68,514	4%		Insurance Claim - Completed
Substation : Dunga Street - A11/26	1	Own Funds	20,300	17,778	2,522	88%		Insurance Claim - Completed
Ring main unit: Shiden Drive - A10/93	28	Own Funds	79,900	70,018	9,882	88%		Insurance Claim - Completed
Radio Repeater Transformer - A11/39	35	Own Funds	9,960	9,960	0	100%		Insurance Claim - Completed
High Mast Lighting - Sweetwaters	44	Own Funds	900,000	602,928	297,072	67%	41061	HI-mast project awarded in February 2012. Completed

Streetlighting & Hymast	11,12,14,17, 20,21,22,23 ,30	Own Funds	300,000	296,593	3,407	99%	41061	Completed
Electrification - Counterfunding Reeston & Other areas	12	Own Funds	2,000,000	0	2,000,000	0%	41061	Funding allocated in March 2012 - Adjustment Budget - Top up funding for electrification projects and electrification of infill - ROLL OVER REQUESTED
Upgrade of Bulk Electricity Infrastructure	16, 18	Own Funds	1,889,492	1,540,317	349,175	82%	41061	Switchgear ordered Requisitions submitted to SCM 7/3/12 - some items have a long delivery period. A number of Panels have arrived payments are in process. ROLL OVER REQUESTED
Electricity Building Upgrade- Ablution Blocks	1	Own Funds c/o	165,923	153,416	12,507	92%	41061	Tender awarded to service provider for the building of generator room at the Beacon Bay Civic Centre - completed
Upgrade-Bulk Electricity Infrastructure	16, 18	DBSA Phase 4	3,662,418	3,662,418	0	0%		
Upgrade-Bulk Electricity Infrastructure	16, 18	DBSA Phase 5	2,348,090	2,348,090	0	0%		
Insurance vehicle replacement-M10/103	All Wards	Own Funds	450,000	0	450,000	0%		This vote is in respect of those assets that are replaced due to insurance claims. No expenditure is recorded against this vote as budget is transferred from this vote to individual capital votes when asset insurance claims are approved by insurers for those assets to be replaced. The original budget amount was R10 million and an amount of R5 109 100 has been transferred leaving a balance of R4 890 900.
Upgrade Electricity Reticulation (KWT and Coastal)	42	Own Funds c/o	51,174	50,946	228	100%		Completion of Greenacres and Gullsway - project complete
Vehicle V382 - FBR 776 EC - M09/182	All Wards	Own Funds	510,000	0	510,000	0%		insurance claim
Rehabilitation of BCM bridges and culverts(Breidbach, Dimbaza, Quigney)	34,44	Own Funds c/o	1,972,996	1,972,996	0	100%		R51,174 used for completion of Capital Project in Gullsway & Greenacres switch houses. Payment for R 23 295 is in process for work completed. Insufficient Capital funding to carry out any additional electrical projects
Rehabilitation of Rural Roads Upgrade	All Wards	Municipal Infrastructure Grant c/o	856,328	0	856,328	0%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget
Upgrading and Rehabilitation of BCMM Roads - Nomgwadla	36	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget
Upgrading and Rehabilitation of BCMM Roads - Ngxwalana	39	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget.
Upgrading and Rehabilitation of BCMM Roads - Msintsini	24	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget
Upgrading and Rehabilitation of BCMM Roads - Kwelera	27	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget.
Upgrading and Rehabilitation of BCMM Roads - Balasi	35	Municipal Infrastructure Grant c/o	600,000	0	600,000	0%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget.
Upgrading and Rehabilitation of BCMM Roads - Ncera Villages 5-9	5-9	Municipal Infrastructure Grant c/o	1,000,000	588,158	411,842	59%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget.
Upgrading and Rehabilitation of BCMM Roads - Kuni, Needscamp	33	Municipal Infrastructure Grant c/o	1,000,000	0	1,000,000	0%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget.
Upgrading and Rehabilitation of BCMM Roads - Tsholomqa	32	Municipal Infrastructure Grant c/o	493,211	465,320	27,891	94%		No expenditure has been incurred on the funding because the funds were made available during February 2012 through the Mid year adjustment budget.
Rehabilitation of underground stormwater - Storm water Management System	All Wards	Urban Settlement Development Grant	1,100,000	729,474	370,526	66%		
Rehabilitation of underground stormwater - Amalinda forest	5	Urban Settlement Development Grant	1,000,000	318,749	681,251	32%		
Rehabilitation of underground stormwater - Duncan village	1,8	Urban Settlement Development Grant	1,000,000	243,808	756,192	24%		
Rehabilitation of underground stormwater - Dimbaza	34,36	Urban Settlement Development Grant	1,000,000	0	1,000,000	0%		
Rehabilitation of underground stormwater - West Bank	46	Urban Settlement Development Grant	1,100,000	936,530	163,470	85%		
Upgrade Augmentation	3	Own Funds c/o	525,250	0	525,250	0%	40909	
Ablution Blocks Duncan Village	1,8	Own Funds	2,095,378	226,123	1,869,255	11%	41061	Tender has been re-advertised on 3 February 2012 and the closing date of the tender is 17 February 2012.
Bulk Sanitation	25	Eastern Cape Development Corperation c/o (ECDC)	67,358	0	67,358	0%		Project completed in 10/11
Upgrading of the Laboratory infrastructure and equipment	All Wards	Own Funds c/o	908,588	668,409	240,179	74%	40940	LIMS as invoiced. Informal tenders for equipment

3 x Desktop Computers - A11/20	N/A	Own Funds	20,693	20,692	1	100%		insurance claim
Traffic and Law Enforcement Fleet	All Wards	Own Funds c/o	3,000,000	352,368	2,647,632	12%		All vehicles have been delivered.
Replacement of Bus Fleet	All Wards	Own Funds c/o	5,998,399	5,796,900	201,499	97%		Waiting for the suppliers to deliver within a week or two
BCM Fleet	All Wards	Own Funds	7,500,000	7,529,076	-29,076	100%		Waiting for the suppliers to deliver within a week or two
TOTAL : DIRECTORATE OF ENGINEERING SERVICES			**401,036,815**	**184,949,176**	**216,087,639**	**46%**		
DIRECTORATE OF DEVELOPMENT PLANNING								
Insurance vehicle replacement - M10/32	N/A	Own Funds	155,000	0	155,000	0%	41090	Tenders awarded, but still waiting for the suppliers to deliver.
Land Acquisition - Construction of Westbank Restitution Reservoir	46	Own Funds	600,000	441,882	158,118	74%	41090	Conveyancer has prepared documents for lodgement.
West Bank Restitution Project	46	Department of Land Affairs c/o	4,141,303	0	4,141,303	0%		Judgement has been reserved by the Court, as the Conveyancer has appealed.
West Bank Land Restitution	46	Department of Land Affairs c/o	243,551	0	243,551	0%		Judgement has been reserved by the Court, as the Conveyancer has appealed.
Construction of BRT lanes	1, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 2, 20, 21, 22, 23, 24, 25, 28, 3, 4, 5, 6, 7, 8, 9	Public Transport Infrastructure and Systems Grant (PTIS)	100,000,000	1,283,135	98,716,865	1%	41791	Tender has been awarded for full consultant team, including detailed designs and business planning. Service Level Agreement can only be entered into once legal challenge from one of the bidders can be resolved.
BCM Urban Agriculture Infrastructure Development	All Wards	Urban Settlement Development Grant	3,000,000	3,000,000	0	100%	End March 2012	Project complete. A journal has been forwarded to Finance for the Correction of misallocation.
Taxi Ranks	37	Urban Settlement Development Grant	3,200,000	843,750	2,356,250	26%	41609	Tender awarded for civil engineering consultants and designs are in progress. Tender for implementation in 2012/13 and 2013/14. Two stakeholder consultation meetings have been held and stage 2 of design process has been complete (concept and viability). The third PSC meeting has been scheduled for 18 July 2012.
Gonubie Main Road	27,28	Urban Settlement Development Grant	10,000,000	3,907,220	6,092,780	39%	41061	Draft tender documents and designs currently being reviewed by BCMM Roads Branch. Invoices to the value of R3.67m have been processed. Service provider currently busy with designs for Gonubie Service Lanes. Invoices in the amount R 230 000 have been processed.
Potsdam/Needs Camp Bridge Feasibility Study	21	BCMET c/o	233,787	0	233,787	0%	41061	Work in Progress. 1st draft of report is being reviewed by department Awaiting first invoice from service provider
Rural non Motorised Transport facilities	40	Own Funds c/o	330,600	152,828	177,772	46%	41000	Work in Progress. Awaiting first draft report from service provider.
Traffic Management Measures	All Wards	Own Funds c/o	1,814,607	218,220	1,596,387	12%	41061	Signal heads and traffic controllers have been purchased. Informal tenders for Traffic Calming Measures to the value of +/- R 600,000 have been awarded.
Pedestrian facilities	All Wards	Own Funds c/o	343,908	0	343,908	0%	41061	Audible Pedestrian Signals have been purchased.
Guidance Signage	All Wards	Own Funds c/o	586,446	0	586,446	0%	41061	Contract cancelled because the validity period expired and tender to be re-advertised.
Yellowwoods River Bridge	42	Own Funds c/o	2,102,612	1,111,506	991,106	53%	40756	Project complete, final payment certificates to be processed
Yellowwoods River Bridge	42	Own Funds	200,000	0	200,000	0%	40756	Project complete, final payment certificates to be processed
Economic Infrastructure	All Wards	Urban Settlement Development Grant	6,000,000	3,664,033	2,335,967	61%	End March 2012	The programme has two projects Construction of Hydroponics and Steve Biko Foundation project. R2 million transfered to the Steve Biko Foundation. Nu 18 Hydroponics is about 60 % complete and is due to be finished by end May 2012.
Hydro-ponics - MDT	Mdantsane (All)	Department of Economic Affairs and Tourism c/o (DEDEAT)	5,239	0	5,239	0%		Project is complete. Funds utilised for installation of Electricity for Kwakhanya Cooperative
Inner City Regeneration- Pedestrian Priority Zone	EL CBD	Provincial Treasury Office - LED Support Programme c/o	375,269	0	375,269	0%		Project complete. Awaiting final payment from Provincial Treasury.
Desktop Computer - A10/58	N/A	Own Funds	7,850	7,850	0	100%	40940	Project Complete
Tourism infrastructure development	All Wards	Own Funds c/o	1,797,478	581,579	1,215,899	32%		Phase 1 of the project is complete. Balance will be used for Phase 2 which is construction of access road. Project will be completed in 1st Quarter of the new finncial year.
Roll – Out Hydroponics	All Wards	Own Funds c/o	3,630,503	2,512,830	1,117,673	69%		Project commenced Phase 1 completed. Payment of R2,022,900.00 has been processed and project will be completed in the 1st Quarter of the Financial year.
Buffalo City Agric & Rural Development Infrastructure	All Wards	Own Funds c/o	2,793,001	1,588,501	1,204,500	57%	End June 2012	Request a roll over of R500 000,00 due to the fact that the department had experienced challenges during the site handover due to the community dynamics anticipating completion by July 2012.

Cooperative Support Programme	All Wards	Own Funds c/o	246,455	0	246,455	0%	Project is complete	Project is complete Funds will be utilised for cooperative needs before the end of financial year.
Upgrade of Market	All Wards	Own Funds c/o	959,895	519,758	440,137	54%	41030	Remaining funds to be utilised on phase 2 for extension of sales hall in the 1st Quarter of the new financial year
Extension of Sales Hall	All Wards	Own Funds	2,000,000	0	2,000,000	0%	41030	Tender was re-dvertised in April 2012 and is going to BEC on the 11 June 2012. Anticipated to commence in the new financial year.
TOTAL :DIRECTORATE OF DEVELOPMENT PLANNING			**144,767,504**	**19,833,092**	**124,934,412**	**14%**		
DIRECTORATE OF HEALTH AND PUBLIC SAFETY								
Fire Station - KWT	42	Urban Settlement Development Grant	6,227,453	3,018,106	3,209,347	48%	June 2012	Project in progress. Multi year project, completion will be January 2013
Generator - A11/73	N/A	Own Funds	9,000	7,140	1,860	79%		Project Completed
Computer & Globe Surfer - A10/113	N/A	Own Funds	9,246	9,246	0	100%	February 2012	Project Completed.
3 x Fridges - A10/106	N/A	Own Funds	7,103	7,103	0	100%	January 2012	Project Completed.
Clinics	N/A	Urban Settlement Development Grant	2,100,000	0	2,100,000	0%	End June 2012	Contract cancelled due to contractor not providing construction guarantee certificate. PHC taken over by Province from July 2012.
Air quality monitoring station equipment	All Wards	Own Funds c/o	100,268	83,600	16,668	83%	End March 2012	Awaiting delivery of laptop and printer ordered by MIS costing R10 414 - 63.
Mobile Clinics Equipment	All Wards	Own Funds c/o	235,495	230,981	4,514	98%	41030	Project Completed
Upgrading of Clinics - Ginsberg	42	Own Funds c/o	698,124	498,657	199,467	71%	Mid March 2012	Project Completed
Desktop computer - A10/56	N/A	Own Funds	7,235	7,234	1	100%	End February 2012	Project Completed.
KWT Fire Station	42	Own Funds c/o	1,999,999	401,971	1,598,028	0%		
Fire Engine R/O	All Wards	DBSA Phase 4	11,651,923	11,651,923	0	0%		
Insurance vehicle replacement - M10/189	All Wards	Own Funds	265,000	0	265,000	0%	May 2012	Fleet requested to purchase vehicles - project to be rolled over
Insurance vehicle replacement- M10/27	All Wards	Own Funds	265,000	0	265,000	0%	May 2012	Fleet requested to purchase vehicles - project to be rolled over
Law Enforcement Equipment	All Wards	Own Funds c/o	18,602	18,187	415	98%	December 2011	Project completed
Traffic Vehicles	All Wards	Own Funds	450,000	42,608	407,392	9%	March 2012	Fleet requested to purchase vehicles - project to be rolled over
Insurance vehicle replacement - M09/131	All Wards	Own Funds	220,000	0	220,000	0%	May 2012	Fleet requested to purchase vehicles - project to be rolled over
Learners Licence Centre - Mdantsane	All Wards	Own Funds	1,000,000	0	1,000,000	0%	41090	Tender closed on 30 March 2012, in evaluation stage. Project to be rolled over
Fire Engines Roll Over	All Wards	Own Funds c/o	4,106,923	1,287,538	2,819,385	31%	End February 2012	Project completed
Fire Engine Equipment	All Wards	Own Funds c/o	2,371,404	1,940,778	430,626	82%	May 2012	Project completed
KWT Fire Station	37	DBSA Phase 4 & 5 c/o	1	0	1	16%	June 2012	To be used in conjunction with the R6m provided for KWT Fire Station. Funding to be rolled over, completion date January 2013
Flood Relocation (DM Structures)	All Wards	Disaster Management Fund c/o	41,025	0	41,025	0%		Development Planning requested to utilise funding as per D.V.R.I. Roll over required
Disaster Management Capacity	All Wards	Disaster Management Fund c/o	36,790	23,730	13,060	65%	March 2012	Balance to be rolled over.
Disaster Management Centres	All Wards	Disaster Management Fund c/o	84,779	84,779	0	100%	February 2012	Project Completed
TOTAL : DIRECTORATE OF HEALTH AND PUBLIC SAFETY			**31,905,370**	**19,313,581**	**12,591,789**	**61%**		
DIRECTORATE OF COMMUNITY SERVICES								
Development of Community Parks(Mdantsane, Potsdam, Reeston)	23,20,21,2 2,17	Urban Settlement Development Grant	1,016,303	543,405	472,898	53%		Play park equipment has been ordered and await installation by the Service Provider. To re advertise for informal tender for the fencing of 3 parks and purchasing of park furniture, trees and signage. A roll over will be required to complete the project.
Brushcutter - A10/102	N/A	Own Funds	8,373	8,373	1	100%		Machine received in January 2012
3 x Brushcutters - A11/15	N/A	Own Funds	25,602	25,602	0	100%		Machines received.
Development of 3 New Cemetries(Inland, Midland and Coastal)	34,39,11,1 2,14,20,21, 22,23,30,4 2,48,50	Urban Settlement Development Grant	3,000,000	557,180	2,442,820	19%		The construction branch have appointed a service provider to deveop and establish road in Dimbaza and KWT Cemeteries but according to the construction branch the project was delayed due to the fact that SCM onlyprocessed Works orders on 21 June and the work will be completed in the new financial year therefore a roll over is required.
Desktop Computer - A10/127	N/A	Own Funds	7,328	7,328	0	100%		Computer purchased and commissioned into use.
Scenery Park Community Hall	5,13	Urban Settlement Development Grant	2,000,000	1,934,503	65,497	97%	16 January 2012	Project completed. Balance of the funding to be spent on sewer/water connections in 2012/2013. Roll over requested.
Viper Polisher - A09/105	N/A	Own Funds	8,500	8,500	0	100%		The polisher has been received and commissioned into use.

Insurance vehicle replacemen - M11/55	All Wards	Own Funds	285,000	0	285,000	0%	To be determined by SCM processes	Insurance Claim - Mechanical Workshops (Mr Gijana) confirmed to Mr Mahomed 06/07/2012 that the vehicle tender was still with the Bid Committee. Vehicle expected to be replaced by end of July 2012.
Solid waste management	All Wards	Urban Settlement Development Grant	2,800,000	1,735,195	1,064,805	62%	To be determined by S	Project completed. Balance declared as savings
Planning of designs of Third Cell	All Wards	Urban Settlement Development Grant	500,000	88,335	411,665	18%		Contractor is on site doing bush cleanng. A request has been submitted for the balance to be rolled over to complete the project.
Sport Facilities	7,12,13,28, 29,35,37,3 8,41,44	Urban Settlement Development Grant	2,000,000	281,524	1,718,476	14%	30/06/2012	Bid specification documents was on the agenda of the BSC meeting on 24/2/12.BSC requested that the PMU must assist in the finalisation of the Bill of Quantities which will form part of the bid spec document. PMU indicated that that they do not have capacity to assist.The Community Services Directorate attempted to meet the BSC to clarify that the Bill of Quantities may not be needed for purposes of the specification document. The Director Community Services did not obtain confirmation from chairperson of the BSC for a date of the meeting. There is no committment for the project, therefore it cannot be rolled over.
Insurance vehicle replacement - M11/02	All Wards	Own Funds	160,000	0	160,000	0%		Tender awarded. Awaiting delivery
Purchase of 7 Refuse Compactor Trucks - Mdantsane	All Wards	Own Funds	10,500,000	8,669,205	1,830,795	83%		Tender awarded. Awaiting delivery
Purchase of 3 Refuse Compactor Trucks (Mdantsane)	All Wards	Own Funds	4,500,000	0	4,500,000	0%		Tender awarded. Awaiting delivery
Purchase of 2 x LDV Bakkie's	All Wards	Own Funds	460,000	0	460,000	0%		Tender awarded. Awaiting delivery
Purchase of 1 X Load lugger	All Wards	Own Funds	800,000	0	800,000	0%		Tender awarded. Awaiting delivery
Refuse 5 Compactor Trucks - Coastal Region	All Wards	Own Funds	10,000,000	8,013,650	1,986,350	80%	Completed	Tender awarded. Awaiting delivery
Vehicles for Solid Waste Supervisors, Safety Officers, District Cleansing Officers and Superintendents -(9 X Sedans, 8 LDV's, 3 X Double Cabs, 2X3 Ton Trucks (Inland,Midlands and Coastal Areas)	All Wards	Own Funds	4,000,000	2,466,473	1,533,527	62%		Tender awarded.
9 x Brushcutters - A10/117	N/A	Own Funds	76,005	76,005	0	100%		9x Brushcutters purchased and delivered to Workshop
6 x Brushcutters, Pruner, Chainsaw - A11/22	N/A	Own Funds	78,000	70,822	7,178	91%		Machines received and currently at Meadow Road depot
Rotovor - A11/30	N/A	Own Funds	15,000	11,841	3,159	79%	Completed	Rotovator received and sent to the Nursery
3xBrushcutters & 1 x Blower -A11/30	N/A	Own Funds	35,000	30,036	4,964	86%		Machines received
Insurance vehicle replacement - M07/212	All Wards	Own Funds	298,224	0	298,224	0%	Completed	Completed
Fencing of Rural Cemeteries Upgrade		Own Funds c/o	314,956	211,310	103,646	67%	March 2012	Pallisade fencing 30meters completed in needs camp cemetery. The contractor appointed for the kuni village cemtery is near completion. A further R79 000 will be utilised to fence one of the rural cemeteries and a roll over is required.
3x Brushcutters - A11/105	N/A	Own Funds	33,000	0	33,000	0%		Machines have been ordered and will be delivered in June 2012.
9x Brushcutters - A11/95	N/A	Own Funds	88,000	76,727	11,273	87%		Machines delivered
Dry Sanitation & Greywater Recycling	All Wards	Department of Science & Technology c/o (DST)	173,830	0	173,830	0%		Project has been transferred to Sanitation Department by IED' office
Waste Minimisation	All Wards	Department of Science & Technology c/o (DST)	160,317	150,000	10,317	94%		Waste Minimisation infrasturture being procudred through informal tender
Egerton Railway Station Massacre Memorail Site	9	Office of the Premier c/o	500,000	432,579	67,421	87%	40969	Project complete
Continuation of refurbishment of KWT Hall / Cambridge	42	Own Funds	2,792,507	1,714,673	1,077,834	61%		KWT Town Hall - validity period expired. To be resubmitted to BAC in the new financial year. Roll over requested. Cambridge Town Hall - Phase 1: complete. Phase 2 has commenced and project to be complete by the end of August 2012.
Upgrading of Beacon Bay Library	4	Own Funds	363,795	357,170	6,625	98%	May 2012	Project complete and balance of funds requested to be rolled over and to be utilised for the refurbishment of the kitchen.
Rural Communit Halls Rehabilitation (Airport St Mary)	46	Municipal Infrastructure Grant c/o	625,764	424,229	201,535	68%	May 2012	Rehabilitation of both halls have been completed. Released the retention payments. Roll over requested.
1X Lawnmower & 1 X Brushcutter -A11/59	N/A	Own Funds	36,000	24,931	11,069	69%		Equipment replaced as per insurance claim. Project complete.
1xBlower, Pole Pruner, Microphone - A11/88	N/A	Own Funds	56,000	45,833	10,167	82%		Equipment replaced as per insurance claim. Project complete.

Rural Sports Facilities	24	Municipal Infrastructure Grant c/o	406,901	406,901	0	100%	May 2012	The amount R406, 901 was journalized into the Sports Facilities USDG vote 7650104361052 as the funds from the sports facilities project was utilized to pay service providers for the MIG funded project of Rural Sports Facilities due to MIG funding not being rolled over at that stage of the financial year (July 2011).
CCTV Camera System - A10/30	N/A	Own Funds	17,100	14,934	2,166	87%		CCTV system was replaced at BC Stadium as per insurance claim. Project complete.
Upgrading of Needs Camp Sportfield	33	Own Funds c/o	2,500,000	0	2,500,000	0%		Tender advert closed on the 04 April 2012. SCM have finalized price/ HDI Ranking. There is no committment for this project, therefore the project cannot proceed.
Upgrading of Rural Sportsfields	24	Own Funds c/o	72,038	58,296	13,742	81%	31/03/2012	Perimeter fencing at Nkqonkweni has been done. Phase 1 completed. Phase 2 grass seeding to be done. Phase 3 which involves maintenance of the field to follow there after. Orders for phase 2 and phase 3 have been issued by SCM in the last financial year.
Ruth Belonsky Swimming Pool	1	Own Funds	12,720	0	12,720	0%		Project was Completed in September 2011
Zoo CCTV Camera System - A11/84	All Wards	Own Funds	46,000	45,984	16	100%		Project Completed
3X Brushcutters - A11/112	N/A	Own Funds	33,000	28,860	4,140	87%		Completed
Upgrading Of Zoo Offices & Ablution Blocks	All Wards	Own Funds c/o	723,254	172,876	550,378	24%		The service provider that was appointed by the tender process has made very little progress on site as he has indicated that he is experiencing cash flow problems. The Architects Division who are Project Managers has issued the service provider with 3 letters instructing him to show due diligence. Due to slow progress contractor working to penalties of R750.00 a day from 25 May 2012 until completion. A roll over has been requested
Fencing Of Zoo c/o	All Wards	Own Funds c/o	606,481	238,658	367,823	39%		The service provider that was appointed by the tender process has made very little progress on site as he has indicated that he is experiencing cash flow problems. The Architects Division who are Project Managers has issued the service provider with 3 letters instructing him to show due diligence. Due to slow progress contractor working to penalties of R750.00 a day from 25 May 2012 until completion.A roll over has been requested
Intergrated Beach Front hub	All Wards	Own Funds	500,000	0	500,000	0%		Vote number has been given to Director of Engineering Services to utilize for for Engineering related projects in Marina Glen as per Top Management decision. A roll over has been requested.
Grass Cutting Equipment	All Wards	Own Funds	1,300,000	562,361	737,639	43%		Orders for the grass mowing equipment is with SCM and the machines will be delivered in July 2012. Second phase purchasing is to be submitted to SCM for re-advertisement.
Insurance vehicle replacement : M09/198	All Wards	Own Funds	1,700,000	0	1,700,000	0%		Tender process in place - Replacement vehicle
Refuse removal Skips	All Wards	Own Funds	1,000,000	684,204	315,796	68%	Completed	Project completed, savings identified
Regional Waste Disposal Site		Own Funds	1,000,000	0	1,000,000	0%	June 2012	Engineering Roads Department confirmed that Tender for Contract 26 has been awarded and all processes of construction will take place.
TOTAL : DIRECTORATE OF COMMUNITY SERVICES			**57,634,998**	**30,178,502**	**27,456,496**	**52%**		
TOTAL: CAPITAL PROJECTS - ALL DIRECTORATES			**729,035,035**	**278,887,697**	**450,147,338**	**38%**		
Insurance Asset Replacement	N/A	Own Funds	2,506,349	0	2,506,349	0%		This contingent vote(institutional) is in respect of those assets that are replaced due to insurance claims. When ever an insurance loss occurrs and an asset is to be replaced , an equivalent amount of the asset is transferred from this budget to the relevant department in oder to capitalise the asset.
TOTAL: CAPITAL PROJECTS - GRAND TOTAL			**731,541,384**	**278,887,697**	**452,653,687**	**38%**		

actor has expired legal department is assisting with the renewal of the contract. The City Manager has approved the renewal however he has instructed that the report to be tabled to BAC. The. Delays in construction of Block Yard TRA will have direct impact on construction progress in Competition site 20

:ated in the mid - year adjustment budget. Contractor has been appointed. There are delays in the commencement of the contractor due to insufficient documentation (working drawings) that are still held by the liquidated consultant. the matter is being resolved between Engineering and Legal Departments.

but not sufficient, additional. funds were allocated in the mid year budget adjustment. The consultant has completed verifications, contractor is on site finalising the rectifications.

Appendix P: Service Connection Backlogs at Schools and Clinics

Appendix Q: Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision- N/A

Appendix R: Declaration of Loans and Grants Made by the Municipality- N/A

Appendix S: Declaration of Returns not Made in due Time under MFMA s71

APPENDIX S

DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

NB: All S71 reports are submitted timeously to the Executive Mayor within 10 working days of the following month and the report is sent simultaneously to all stakeholders.

Appendix T: National and Provincial Outcome for local government- N/A

Volume II: Annual Financial Statements

BUFFALO CITY METROPOLITAN MUNICIPALITY
Annual Financial Statements
FOR THE YEAR ENDED 30 JUNE 2012

I am responsible for the preparation of these Annual Financial Statements which are set out herewith, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Metropolitan Municipality.

I certify that the salaries, allowances and benefits of Council ors are disclosed within these Annual Financial Statements and are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister for Corporate Governance and Traditional Affairs determination in accordance with this act except where identified as irregular expenditure in the Annual Financial Statements.

Mr. A. Fani
City Manager

21/11/2012
Date

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Local Government
Accounting Officer	Mr. A. Fani
Acting Chief Financial Officer	Ms. P. Adonis
Jurisdiction	The demarcation board has determined that Buffalo City Metropolitan Municipality (EC 125) includes the towns of East London, Bisho, King Williams Town as well as the townships of Mdantsane and Zwelitsha with the corridor of rural areas.
Business address	Trust Centre Oxford Street East London 5201
Postal address	PO Box 134 East London 5200
Bankers	Standard Bank
Auditors	Auditor General

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The statements and notes set out below comprise the annual financial statements:

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Statement of Financial Position

Figures in Rand	Note(s)	2012	2011 Restated
Assets			
Current Assets			
Cash and cash equivalents	4	1,521,057,217	739,994,248
Inventories	5	117,116,161	137,420,107
Receivables from exchange transactions	6	312,473,204	211,059,310
Receivables from non-exchange transactions	7	153,606,850	91,348,064
VAT receivable	8	34,129,583	37,459,742
Current portion of operating leases	9	2,546,106	1,582,012
Current portion of long-term receivables	10	13,098	11,880
		2,140,942,219	**1,218,875,363**
Non-Current Assets			
Long-term receivables	10	57,353	70,451
Intangible assets	11	12,111,588	13,361,594
Investment property	12	219,463,251	220,776,439
Heritage assets	13	3,853,336	3,420,757
Property, plant and equipment	14	11,327,099,938	11,557,854,114
Non-current investments	15	856,601	819,965
Investment in associate	16	260	12,088,092
Non-current portion of operating leases	9	59,027,596	58,409,679
		11,622,469,923	**11,866,801,091**
Total Assets		**13,763,412,142**	**13,085,676,454**
Liabilities			
Current Liabilities			
Borrowings	17	41,533,557	45,000,220
Consumer deposits	18	36,919,893	33,454,333
Finance lease obligation	19	463,541	760,066
Provisions	20	124,884,616	116,829,323
Payables from exchange transactions	21	449,757,440	369,553,586
Unspent conditional grants and receipts	22	787,665,935	346,141,548
Bank overdraft (iro of market cash book - Bank balance = R1 230 770)	4	1,064,181	1,034,384
		1,442,289,163	**912,773,460**
Non-Current Liabilities			
Borrowings	17	604,256,175	645,786,508
Finance lease obligation	19	990,241	716,951
Provisions	20	68,089,174	49,055,625
Post-retirement medical obligation	23	341,426,029	280,763,820
		1,014,761,619	**976,322,904**
Total Liabilities		**2,457,050,782**	**1,889,096,364**
Net Assets		**11,306,361,360**	**11,196,580,090**
Net Assets			
Reserves			
Revaluation reserve	24	15,474,689	16,047,826
Accumulated surpluses		11,290,886,671	11,180,532,264
Total Net Assets		**11,306,361,360**	**11,196,580,090**

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011 Restated
Revenue			
Public contributions and donations - operating projects	27	1,329,257	1,192,709
Public contributions and donations - PPE	27	1,283,135	9,029,317
Licences and permits	27	15,707,756	15,052,975
Fines	27	5,455,740	7,320,910
Fuel Levy	27	170,477,000	-
Rental of facilities and equipment	27	13,387,803	14,107,440
Property rates	28	522,514,480	453,306,422
Service charges	29	1,754,709,786	1,463,110,204
Government grants & subsidies	30	905,903,245	901,582,926
Other revenue	31	117,759,465	120,366,164
Interest received on investments	36	82,608,879	53,729,383
Total Revenue		**3,591,136,546**	**3,038,798,450**
Expenditure			
Employee related costs	33	(952,656,803)	(860,667,124)
Remuneration of councillors	34	(42,965,666)	(23,277,825)
Depreciation and amortisation	38	(513,009,118)	(508,766,187)
Impairments	14	(1,798,575)	71,221,655
Finance costs	39	(70,491,430)	(58,641,142)
Debt impairment	35	(58,206,738)	(210,998,044)
Repairs and maintenance	64	(210,584,112)	(193,336,041)
Bulk purchases	43	(915,387,167)	(771,252,980)
Contracted services	41	(6,839,654)	(5,907,804)
Grants and subsidies paid	42	(14,937,071)	(20,872,084)
Medical aid obligation net cost	23	(74,121,339)	(32,164,816)
General Expenses	32	(593,470,081)	(626,182,405)
Fair value adjustment on Sanlam shares revalued	37	-	330,911
Gain or loss on disposal of assets and liabilities	14	(1,486,310)	(5,608,765)
Total Expenditure		**(3,455,954,068)**	**(3,246,122,656)**
Share of deficit of associate accounted for under the equity method	16	(12,087,832)	(20,235,199)
Surplus / (deficit) for the year	63	**123,094,646**	**(227,559,405)**

Statement of Changes in Net Assets

Figures in Rand

	Notes	Revaluation reserve	Accumulated surpluses	Total Net Assets
Opening balance as previously reported		16,620,963	11,188,196,875	11,204,817,838
Adjustments:				
Prior year adjustments	48	-	(645,684,653)	(645,684,653)
Balance at 01 July 2010 as restated		**16,620,963**	**10,542,512,222**	**10,559,133,185**
Changes in net assets:				
(Deficit) for the year	48	-	(227,559,405)	(227,559,405)
Take on of PPE at deemed cost	14	-	4,428,910	4,428,910
Depreciation transfer to income	24	(573,137)	573,137	-
Depreciation adjustment due to review of assets	48	-	866,217,372	866,217,372
Fair value reversal adjustment in terms of GRAP 104	48	-	(862,916)	(862,916)
Depreciation adjustment iro bridges and stormwater assets	48	-	(4,777,052)	(4,777,052)
Balance at 01 July 2011 as restated	48	**16,047,826**	**11,180,532,264**	**11,196,580,090**
Changes in net assets:				
Take on of PPE at deemed cost	14	-	67,930	67,930
Depreciation transfer to income	24	(573,137)	573,137	-
Adjustments to the Municipal Property Asset Register - Investment properties	12	-	(1,313,188)	(1,313,188)
Adjustments to the Municipal Property Asset Register - Properties	14	-	(12,068,119)	(12,068,119)
Surplus for the year	63	-	123,094,646	123,094,646
Balance at 30 June 2012		**15,474,689**	**11,290,886,671**	**11,306,361,360**
Note(s)		24		

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011 Restated
Cash flows from operating activities			
Receipts			
Sale of goods and services	62	2,381,367,068	1,968,226,880
Government grants, subsidies and public contributions and donations	62	908,515,638	911,804,952
Interest received	36	82,608,879	53,729,383
		3,372,491,585	2,933,761,215
Payments			
Employee costs	33&34	(995,622,471)	(883,944,949)
Suppliers	62	(1,656,405,515)	(1,652,398,677)
Interest paid	39	(70,491,430)	(58,641,142)
		(2,722,519,416)	(2,594,984,768)
Net cash flows from operating activities	44	**649,972,171**	**338,776,447**
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(267,119,855)	(394,095,638)
Proceeds from sale of property, plant and equipment	14	1,895,651	1,275,865
Purchase of other intangible assets	11	(3,227,171)	(5,014,457)
Purchases/Write on/Donated heritage assets	13	(432,579)	-
Net movement in financial assets	10	11,880	341,686
Movement in non-current investments	15	(36,641)	3,590,981
Net cash flows from investing activities		**(268,908,715)**	**(393,901,563)**
Cash flows from financing activities			
Repayment of borrowings	17	(44,996,996)	154,075,603
Finance lease payments	19	(23,235)	(218,930)
Increase in unspent conditional grants	22	441,524,387	78,855,236
Increase in consumer deposits	18	3,465,560	3,079,227
Net cash flows from financing activities		**399,969,716**	**235,791,136**
Net increase in cash and cash equivalents		**781,033,172**	**180,666,020**
Cash and cash equivalents at the beginning of the year		738,959,864	558,293,844
Cash and cash equivalents at the end of the year	4	**1,519,993,036**	**738,959,864**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgments is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the notes to the financial statements per inventory note 5.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors i.e. production estimates, supply demand, together with economic factors such as exchange rates, inflation, interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Accounting Policies

1.1 Transfer of functions between entities under common control (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the medical aid obligation in determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related medical aid obligation liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 23.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

Impairment loss is recognised in surplus and deficit when there is objective evidence that debtors are impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.2 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Accounting Policies

1.3 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value except for furniture and fittings, which are depreciated using the diminishing balance method at 10% per annum.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life (years)
Land - landfill sites	50
Buildings	30
Plant and machinery	3 to 30
Motor vehicles	4 to 15
Office equipment	3 to 5
Electricity	10 to 60
Community	
▸ Buildings	30
▸ Recreation	20 to 30
Other properties	5 to 50
Leased Assets	5
Roads	5 to 100
Wastewater network	5 to 80
Water network	5 to 150
Heritage	Indefinite

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Accounting Policies

1.3 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to, changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:

  >a decrease in the liability is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit;

  >an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets. If a revaluation is necessary, all assets of that class are revalued.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Accounting Policies

1.5 Intangible assets (continued)

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to nil.

Item	Useful life
Computer software, other	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.6 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the annual financial statements.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Accounting Policies

1.7 Investment in associate

An associate is an entity over which the municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investment.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/ (deficits) less any dividends received.

Where the municipality or its entities transact with an associate, unrealised gains and losses are eliminated to the extent of the municipality's or its municipal entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the municipality is no longer able to exercise significant influence over the associate, the equity method of accounting is discontinued.

The municipality uses the most recent available financial statements of the associate in applying the equity method. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or

Accounting Policies

1.8 Financial instruments (continued)

- a contractual right to:
  - >receive cash or another financial asset from another entity; or
  - >exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are combined instruments that are designated at fair value and/or instruments held for trading.

A financial instrument is held for trading if:

- >it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- >on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; and
- >financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.8 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position and in note 25 :

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables from non-exchange transactions	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost
Long term receivables	Financial asset measured at amortised cost
Non current investment (shares)	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in note 26 :

Class	Category
Borrowings	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- a combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

Accounting Policies

1.8 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease or the incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate reduction on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Accounting Policies

1.9 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.12 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or

Accounting Policies

1.12 Impairment of non-cash-generating assets (continued)

- the number of production or similar units expected to be obtained from the asset by the municipality.

At each reporting date a review is carried out to determine whether there are any indications that any assets and cash generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable amount of an asset or cash-generating unit is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost, and recognised in the the revaluation reserve in respect of assets at revalued amounts.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.12 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- a municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits.

A constructive obligation is an obligation that derives from a municipality's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement whereby the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Accounting Policies

1.13 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, a municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise of expense adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by a municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

Accounting Policies

1.13 Employee benefits (continued)

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); or until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Accounting Policies

1.13 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Accounting Policies

1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Taxes such as property rates are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability.

Revenue arising from debt forgiveness is measured at the fair value of the debt forgiven. Where debt is carried at a value other than fair value, the receivable is recognised at the carrying amount.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.11 and 1.12. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Accounting Policies

1.21 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.24 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.25 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.26 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Accounting Policies

1.27 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.28 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

1.29 Value added tax (VAT)

The municipality accounts for value added tax on the payment basis. Revenue, expenses and assets are recognised net of the amount of VAT. The net amount of VAT recoverable from or payable to, the taxation authority is disclosed on the face of the statement of financial position. Refer to note 8.

1.30 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of each financial period the municipality determines commitments in respect of capital expenditure that has been approved and contracted for which is then disclosed as a note in the annual financial statements differentiating between community, infrastructure and other capital expenditure commitments. Refer to note 45.

Notes to the Annual Financial Statements

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the following policy application as per Directive 5 as issued by the Accounting Standard Board.

- Formulated a policy within Accounting Policies of the AFS for Related Parties based on GRAP 20.

Financial instruments

In the current year, the policy formulated within Accounting Policies for GRAP 104 - Financial Instruments were changed to accommodate the interpretation of paragraph 87 as the most appropriate standard for the calculation of the present value of short-term receivables and payables. This was a change in accounting policy from the previous financial years

These adjustments were effected retrospectively.

Notes to the Annual Financial Statements

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
▸ IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities	01 April 2011	No material impact
▸ IGRAP 3: Determining Whether an Arrangement Contains a Lease	01 April 2011	No material impact
▸ IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	01 April 2011	No material impact
▸ IGRAP 5: Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies	01 April 2011	No material impact
▸ IGRAP 6: Loyalty Programmes	01 April 2011	No material impact
▸ IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions	01 April 2011	No material impact
▸ IGRAP 9: Distributions of Non-cash Assets to Owners	01 April 2011	No material impact
▸ IGRAP 10: Assets Received from Customers	01 April 2011	No material impact
▸ IGRAP 13: Operating Leases – Incentives	01 April 2011	No material impact
▸ IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease	01 April 2011	No material impact
▸ IGRAP 15: Revenue – Barter Transactions Involving Advertising Services	01 April 2011	No material impact

3.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
▸ GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	No material impact
▸ GRAP 25: Employee benefits	No effective date has yet been determined by the Minister of Finance	To be determined
▸ GRAP 104: Financial Instruments	01 April 2012	No material impact

3.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
▸ GRAP 18: Segment Reporting	No effective date has yet been determined by the Minister of Finance	Unknown
▸ GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	Financial system changes
▸ GRAP 103: Heritage Assets	01 April 2012	No material impact
▸ GRAP 21: Impairment of non-cash-generating assets	01 April 2012	No material impact
▸ GRAP 26: Impairment of cash-generating assets	01 April 2012	No material impact

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

▸ IGRAP 7: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01 April 2013	No material impact
▸ GRAP 105: Transfers of functions between entities under common control	No effective date has yet been determined by the Minister of Finance	Unlikely to have an impact
▸ GRAP 106: Transfers of functions between entities not under common control	No effective date has yet been determined by the Minister of Finance	Unlikely to have an impact
▸ GRAP 107: Mergers	No effective date has yet been determined by the Minister of Finance	Unlikely to have an impact
▸ GRAP 20: Related parties	No effective date has yet been determined by the Minister of Finance	No material impact

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated
4. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand		1,666,515	1,415,962
Bank balances		55,179,627	42,631,504
Short-term deposits		1,464,211,075	695,946,782
Bank overdraft		(1,064,181)	(1,034,384)
		1,519,993,036	**738,959,864**
Current assets		1,521,057,217	739,994,248
Current liabilities		(1,064,181)	(1,034,384)
		1,519,993,036	**738,959,864**
Allocation of external investments (short-term deposits)			
Unspent conditional grants		787,665,935	346,141,548
Housing collateral for employees housing loans with lending institutions		271,950	502,766
Borrowing current repayments		24,224,397	1,948,536
Cash flow committed to operating and capital projects		111,897,042	42,876,769
BCMET		1,798,913	2,011,123
Own funding (operating account commitments)		538,352,838	302,466,040
Total short-term deposits		**1,464,211,075**	**695,946,782**
Prior period errors	48		
Bank balances previously reported		-	42,624,199
BCMET adjusted		-	7,305
Restated		**-**	**42,631,504**
Prior period errors	48		
Short-term deposits previously reported		-	693,935,659
BCMET adjusted		-	2,011,123
Restated		**-**	**695,946,782**
Short-term deposits per institution			
Absa (interest rate range 5% - 5.86% : 2011 5% - 6%)		374,200,819	173,533,317
Nedbank (interest rate range 5% : 2011 5% - 6%)		362,621,306	150,319,944
RMB (interest rate range 5% - 5.80% : 2011 5% - 6%)		362,957,317	191,174,132
Standard (interest rate range 5% - 5.88% : 2011 5% - 6%)		177,642,582	48,611,932
Stanlib (interest rate range 5.56% - 5.67% : 2011 5,6% - 7%)		186,789,051	132,307,457
		1,464,211,075	**695,946,782**

Own funding includes the insurance and Compensation for Occupational Injuries and Diseases (COID) purposes.

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

A cession by the Municipality in respect of the Department of Labour for COID amounts to R6 997 418 (2011: R5 704 014).

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

4. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
Standard Bank - Primary Account - 081-221-495	117,205,269	105,075,417	124,060,031	48,486,521	35,563,034	51,217,667
Standard Bank - Market Account - 081-246-072	1,230,770	1,875,348	1,270,839	(1,064,181)	(1,034,384)	(1,268,510)
Standard Bank - Inter Authority Account - 081-246-250	1,476,139	1,477,381	1,477,695	1,476,138	1,477,381	1,477,695
Standard Bank - Prism Account - 081-246-048	-	-	-	5,105,086	5,583,785	3,042,357
Standard Bank - BCMET - 081-098-359	111,882	7,304	1,836,020	111,882	7,304	-
Total	**120,024,060**	**108,435,450**	**128,644,585**	**54,115,446**	**41,597,120**	**54,469,209**

Total cash book balance as at 30 June 2012 = R54 115 447 Add Back bank overdraft of R1 064 181 = R55 179 626.

5. Inventories

Electricity store (Electrical maintenance parts)	14,067,505	13,359,942
Workshop store (Mechanical maintenance parts)	366,322	273,535
General stores (Chiselhurst,Mdantsane,KWT)	31,634,062	42,476,991
Water store (Water maintenance parts)	25,403,125	25,607,572
Fuel (Diesel, Petrol)	1,651,100	1,665,217
Unsold water (Treated water in pipelines & reservoirs)	2,297,627	2,248,008
Housing stock (RDP Houses)	41,823,101	52,622,502
	117,242,842	138,253,767
Inventories (write-downs)	(126,681)	(833,660)
	117,116,161	**137,420,107**

Carrying value of stock is disclosed at the lower of cost and net realisable value.

Certain houses constructed pre 1994 under the old Ciskei Municipality have not been legally transferred to the beneficiaries occupying the houses. These properties are not categorised as RDP inventory because the properties are occupied by rightful beneficiaries.The Municipality has taken the initiative to collect all information and data to enable the transfer of these properties.

Prior period errors	48		
Housing stock previously reported		-	57,616,450
Adjusted		-	(4,993,948)
Restated		-	**52,622,502**

Inventory pledged as security

No inventory was pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated
6. Receivables from exchange transactions		
Gross balances		
Electricity	164,575,388	139,270,922
Water	233,338,178	203,331,289
Sewerage	116,942,793	101,965,944
Refuse	139,417,302	117,764,259
Housing rental	2,126,090	1,787,303
	656,399,751	**564,119,717**
Less: Allowance for debt impairment		
Electricity	(31,203,958)	(29,497,133)
Water	(139,785,764)	(150,192,769)
Sewerage	(76,331,740)	(76,836,655)
Refuse	(95,065,173)	(95,046,910)
Housing rental	(1,539,912)	(1,486,940)
	(343,926,547)	**(353,060,407)**
Net balance		
Electricity	133,371,430	109,773,789
Water	93,552,414	53,138,520
Sewerage	40,611,053	25,129,289
Refuse	44,352,129	22,717,349
Housing rental	586,178	300,363
	312,473,204	**211,059,310**
Electricity		
Current (0 -30 days)	119,976,018	106,168,253
31 - 60 days	6,546,082	5,759,741
61 - 90 days	3,282,855	2,888,653
91 - 120 days	3,028,520	2,727,449
121 - 365 days	14,316,844	7,827,991
> 365 days	17,425,069	13,898,835
	164,575,388	**139,270,922**
Water		
Current (0 -30 days)	43,303,486	34,163,595
31 - 60 days	14,223,543	10,367,866
61 - 90 days	12,229,566	8,813,104
91 - 120 days	8,020,442	7,049,696
121 - 365 days	45,149,001	41,917,612
> 365 days	110,412,140	101,019,416
	233,338,178	**203,331,289**
Sewerage		
Current (0 -30 days)	15,639,625	16,151,628
31 - 60 days	7,041,355	5,763,142
61 - 90 days	6,554,367	4,469,396
91 - 120 days	4,038,096	3,249,900
121 - 365 days	21,985,759	17,825,006
> 365 days	61,683,591	54,506,872
	116,942,793	**101,965,944**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

6. Receivables from exchange transactions (continued)

Refuse		
Current (0 -30 days)	13,252,182	11,417,703
31 - 60 days	7,373,244	5,890,441
61 - 90 days	7,029,977	4,469,824
91 - 120 days	4,735,207	3,276,519
121 - 365 days	25,137,766	19,235,621
> 365 days	81,888,926	73,474,151
	139,417,302	**117,764,259**
Housing rental		
Current (0 -30 days)	82,406	82,873
31 - 60 days	81,462	46,223
61 - 90 days	89,523	50,253
91 - 120 days	61,849	37,665
121 - 365 days	400,988	245,780
> 365 days	1,409,862	1,324,509
	2,126,090	**1,787,303**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

6. Receivables from exchange transactions (continued)

Summary of debtors by customer classification:
(This refers to the total debtor classification including exchange and non- exchange transactions as per the billing system i.e. this includes rates and other billing receivables)

Debtors (including rates & other receivables (billing))		
Current (0 -30 days)	115,536,686	110,526,721
31 - 60 days	38,592,466	29,573,810
61 - 90 days	35,646,055	24,453,756
91 - 120 days	23,360,860	18,757,969
121 - 365 days	137,345,258	114,899,732
> 365 days	381,306,256	348,593,145
	731,787,581	646,805,133
Less: Allowance for debt impairment	(474,617,731)	(483,709,444)
	257,169,850	**163,095,689**
Industrial/ commercial (including rates and other receivables (billing))		
Current (0 -30 days)	114,915,186	103,808,701
31 - 60 days	11,131,834	8,561,426
61 - 90 days	6,206,593	4,652,230
91 - 120 days	4,931,523	4,044,789
121 - 365 days	25,840,401	13,934,019
> 365 days	40,547,113	23,539,068
	203,572,650	158,540,233
Less: Allowance for debt impairment	(54,278,387)	(48,219,977)
	149,294,263	**110,320,256**
National and provincial government (including rates and other receivables (billing))		
Current (0 -30 days)	12,511,991	11,939,521
31 - 60 days	1,089,261	2,289,947
61 - 90 days	193,753	771,919
91 - 120 days	601,906	661,589
121 - 365 days	1,621,884	1,693,047
> 365 days	1,212,030	556,168
	17,230,825	**17,912,191**
Debtors (including rates & other receivables (billing))		
Current (0 -30 days)	242,963,863	226,274,943
31 - 60 days	50,813,561	40,425,183
61 - 90 days	42,046,401	29,877,905
91 - 120 days	28,894,289	23,464,347
121 - 365 days	164,807,543	130,526,798
> 365 days	423,065,399	372,688,382
	952,591,056	823,257,558
Less: Allowance for debt impairment	(528,896,119)	(531,929,422)
	423,694,937	**291,328,136**
Ageing of allowance for debt impairment (including rates & other receivables (billing))		
Current (0 -30 days)	(252,809)	-
31 - 60 days	(37,854,030)	(35,266,816)
61 - 90 days	(31,322,854)	(26,065,400)
91 - 120 days	(21,525,067)	(20,470,231)
121 - 365 days	(122,774,896)	(113,871,214)
> 365 days	(315,166,463)	(336,255,760)
	(528,896,119)	**(531,929,421)**

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated

6. Receivables from exchange transactions (continued)

Prior year error	48		
Balance previously stated		-	219,625,088
Adjusted interest on arrears debtors		-	(8,565,778)
		-	**211,059,310**

Consumer debtors pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any of the accounts receivable.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

Consumer debtors impaired

As at 30 June 2012, consumer debtors of R 343,926,547 (2011: R 353,060,407) were impaired and provided for.

Amounts totalling R 50,331,640 (2011: R 22,705,198) were written off as uncollectable against the debt impairment allowance account. This represents 0.014 % (2011: 0.007 %) of the total operating income for the year.

Reconciliation of allowance for impairment of consumer debtors

Opening balance	(353,060,407)	(226,489,673)
Contribution during the year	(41,197,781)	(149,255,431)
Amounts written off as uncollectable	50,331,640	22,705,198
Other	-	(20,501)
	(343,926,548)	**(353,060,407)**

The creation and release of provisions for impaired receivables have been included in operating expenses in the statement of financial performance (note 35). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Refer to note 7 regarding impairment of non-exchange transactions.

Change in estimate - Debt impairment provision:

Management has reassessed the methodology utilized in performing the debt impairment provision. The debt impairment policy has not been amended. Through the analysis of the institution's customer population comprising the amounts owing to the institution and payment trends associated with individual customers, a determination could be made as to the likelihood of payment occurring from each individual customer. This approach was used to determine an estimate of the debt impairment amount which totalled R 528 896 119. It is impracticable to determine the amount of the change in estimate on future periods and as such no disclosure is made in this regard.

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated

7. Receivables from non-exchange transactions

Property rates		196,165,077	160,555,218
Other receivables (billing)		100,026,228	98,582,625
Prepaid expenses		-	714,038
Accrued income		37,230,007	5,967,552
Other debtors		5,155,110	4,397,646
Impairment property rates		(184,969,572)	(178,869,015)
		153,606,850	**91,348,064**
Property rates age analysis			
Current (0-30days)		38,550,126	35,854,916
31-60 days		11,733,179	9,601,229
61-90 days		9,814,389	6,910,197
91-120 days		6,708,721	5,332,890
121-365 days		39,993,394	29,901,827
> 365 days		89,365,268	72,954,159
		196,165,077	**160,555,218**
Other receivables (billing)			
Current (0-30days)		12,160,024	22,435,978
31-60 days		3,814,694	2,996,542
61-90 days		3,045,724	2,276,478
91-120 days		2,301,454	1,790,227
121-365 days		17,823,791	13,572,961
> 365 days		60,880,541	55,510,439
		100,026,228	**98,582,625**
Prior period errors - Billing	48		
Other receivables (billing) previously reported		-	99,574,143
Adjusted for interest overstated		-	(991,518)
Restated		**-**	**98,582,625**
Prior period errors - Property rates	48		
Previously reported		-	163,748,374
Adjusted for interest overstated		-	(3,193,156)
		-	**160,555,218**

Trade and other receivables pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any accounts receivable.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

7. Receivables from non-exchange transactions (continued)

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings.

Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

7. Receivables from non-exchange transactions (continued)

Trade receivables

None of the financial assets that are fully performing have been re-negotiated in the last year.

Trade and other receivables impaired

As at 30 June 2012, trade and other receivables from non-exchange transactions of R 184,969,572 (2011: R 178,869,015) were impaired and provided for.

Amounts totalling R10,932,684 (2011: R3,657,943) were written off as uncollectable against the debt impairment allowance account.This represents 0.003 % (2011: 0.001 %) of the total operating income for the year.

Reconciliation of allowance for impairment of non-exchange transactions

Opening balance	(178,869,015)	(120,784,346)
Allowance for impairment	(17,033,241)	(61,742,612)
Amounts written off as uncollectable	10,932,684	3,657,943
	(184,969,572)	**(178,869,015)**

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 35). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

8. VAT receivable

VAT	34,129,583	37,459,742
Prior year error: Ernest and Young adjustment 48		
Prior year error: Ernest and Young adjustment	-	38,699,745
Adjustment	-	(1,240,003)
Restated	-	**37,459,742**

VAT is payable on the receipt basis. VAT is only declared to SARS on receipt of payment from consumers.

9. Operating leases averaged over total period

Non-current assets	59,027,596	58,409,679
Current assets	2,546,106	1,582,012
	61,573,702	**59,991,691**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

9. Operating leases averaged over total period (continued)

Operating lease rentals	61,573,702	59,991,691
Operating lease rentals		
Current assets	2,546,106	1,582,012
Non-current assets	59,027,596	58,409,679
	61,573,702	**59,991,691**
Municipality as lessor: Operating leases minimum future receivables		
No later than one year	1,636,966	1,118,062
Later than one year no later than 5 years	7,009,992	5,047,272
Later than 5 years	159,816,056	160,041,529
	168,463,014	**166,206,863**

These leases are in respect of municipal properties that are leased to third parties. These leases are payable by lessees, either monthly or annualy. Leases payable monthly and annually by lessees escalate at annual fixed rates that vary between 0% and 12.5% annually.

No contingent rent was recognised as revenue because rental increases are escalated at a fixed percentage. Increases are not based on indices or bases that result in a fluctuating interest rate.

The operating lease accrual arises from the differences between the actual rental and average rental at balance sheet date. During 2011/12 financial year the net amount of R2 546 106 has been accrued.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

10. Long-term receivables

Financial assets at amortised cost		
Sporting bodies and other loans	70,451	82,331
Non-current assets		
Financial assets at amortised cost	57,353	70,451
Current assets		
Financial assets at amortised cost	13,098	11,880
	70,451	**82,331**

Sporting bodies: Loans were granted to sporting bodies before the implementation of the MFMA. No new loans have been issued and the remaining loans are redeemable until 2016. The above amounts relate to two loans that were issued to Beacon Bay Country Club on 30 June 1995 and 30 June 1996 payable over 21.5 and 20.5 years with the last payment due on 31 December 2016 respectively.

No security is held for any of the long-term receivables.

No long-term receivables defaulted and no terms of any of the long term receivables were re-negotiated.

The credit quality of long-term receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

No portion of the long-term receivables was pledged as security for any financial liabilities.

11. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	20,810,484	(16,770,324)	4,040,160	18,811,071	(12,293,147)	6,517,924
Intangible assets under development	8,071,428	-	8,071,428	6,843,670	-	6,843,670
Total	**28,881,912**	**(16,770,324)**	**12,111,588**	**25,654,741**	**(12,293,147)**	**13,361,594**

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Work in progress completed tranferred	Amortisation	Total
Computer software	6,517,924	-	1,999,413	(4,477,177)	4,040,160
Intangible assets under development	6,843,670	3,227,171	(1,999,413)	-	8,071,428
	13,361,594	**3,227,171**	**-**	**(4,477,177)**	**12,111,588**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

11. Intangible assets (continued)

Reconciliation of intangible assets - 2011

	Opening balance	Additions	WIP Capitalised	Amortisation	Total
Computer software	9,673,367	170,200	397,800	(3,723,425)	6,517,924
Intangible assets under development	2,397,213	4,844,257	(397,800)	-	6,843,670
	12,070,580	**5,014,457**	**-**	**(3,723,425)**	**13,361,594**

Prior period errors			
Amortisation as stated in 2011		-	2,234,631
Adjusted	38&48	-	1,488,794
Restated		**-**	**3,723,425**

Pledged as security

No Intangible Assets were pledged as security.

Intangible assets under development refers to computer software.

12. Investment property

	2012			2011		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	219,463,251	-	219,463,251	220,776,439	-	220,776,439

Reconciliation of investment property - 2012

	Opening balance	Adjustments	Total
Investment property	220,776,439	(1,313,188)	219,463,251

Reconciliation of investment property - 2011

	Opening balance	Transfers	Total
Investment property	201,198,657	19,577,782	220,776,439

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

No Investment Properties were pledged as security.

The total direct operating expenses for repairs and maintenance on all municipal properties amounts to R 12,445,133 (2011: R12,929,741), including repairs and maintenance expenses on investment properties.

Operational expenditure regarding investment property earning rentals and those that are not earning rentals are not available as these expenses pertaining to investment properties are not budgeted for separately on the budget.

At reporting date there are no cumulative fair value changes in the surplus and deficit for investment properties.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

12. Investment property (continued)

There are no restrictions on investment properties.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The values were determined in-house by the Municipal valuer who is a Registered Professional Valuer with the South African Council for the Property Valuers Profession, Registration No. 2417/0. The Municipal Valuer was assisted by appointed consultants.

The value of investment property, comprising of land and buildings was determined using the extent of each property and structure. The extent was multiplied by the rate per square meter for the type of property and structure. The rate per square meter for each property and structure type was sourced from the Davis Langdon Property and Construction Handbook 2009. Land values were calculated in terms of the rate per square meter for different geographic areas within the municipality. In order to undertake this process, the land sizes for each property in the register were verified against the Deeds office, AS400 and Cadastre. In cases where no land sizes were provided in the register, the land size was sourced from the Deed, Cadastre and AS400 in that order. The calculation of the rate per square meter for the different geographic areas within the municipality was then applied to any property with a valid land size.

Rental income from investment properties in respect of monthly and annual leases amounted to R7,804,438 (2011: R9,271,610).

13. Heritage assets

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Heritage sites	3,853,336	-	3,853,336	3,420,757	-	3,420,757

Reconciliation of heritage assets - 2012

	Opening balance	Additions	Total
Heritage sites	3,420,757	432,579	3,853,336

Reconciliation of heritage assets - 2011

	Opening balance	Total
Heritage sites	3,420,757	3,420,757

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

14. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3,131,787,499	-	3,131,787,499	3,141,740,575	-	3,141,740,575
Buildings	1,272,634,984	(126,717,885)	1,145,917,099	1,289,882,448	(84,831,701)	1,205,050,747
Plant and equipment	79,573,281	(33,909,777)	45,663,504	58,322,785	(24,135,816)	34,186,969
Furniture and fittings	33,810,277	(12,389,111)	21,421,166	33,566,730	(10,426,892)	23,139,838
Motor vehicles	244,667,868	(107,317,975)	137,349,893	226,838,716	(96,134,717)	130,703,999
Office equipment	36,923,031	(22,117,962)	14,805,069	30,125,301	(15,270,187)	14,855,114
Electricity	3,022,745,692	(1,671,629,661)	1,351,116,031	2,976,435,313	(1,575,915,224)	1,400,520,089
Other properties	447,020,328	(30,355,675)	416,664,653	411,680,917	(18,592,595)	393,088,322
Work in progress (WIP)	424,832,747	-	424,832,747	624,802,216	-	624,802,216
Recreational facilities	64,605,152	(2,648,958)	61,956,194	18,372,937	(1,059,931)	17,313,006
Leases	3,584,867	(1,160,733)	2,424,134	2,835,077	(605,589)	2,229,488
Roads	3,653,779,758	(1,610,239,567)	2,043,540,191	3,121,860,407	(1,015,253,927)	2,106,606,480
Wastewater network	3,299,029,616	(2,269,923,610)	1,029,106,006	3,153,850,453	(2,163,983,571)	989,866,882
Water network	3,773,558,443	(2,509,263,944)	1,264,294,499	3,711,148,167	(2,441,302,156)	1,269,846,011
Community buildings	257,032,428	(20,811,175)	236,221,253	217,928,484	(14,024,106)	203,904,378
Total	**19,745,585,971**	**(8,418,486,033)**	**11,327,099,938**	**19,019,390,526**	**(7,461,536,412)**	**11,557,854,114**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Non-cash additions	Disposals	Adjustments	WIP capitalised	Depreciation	Impairment loss	Total
Land	3,141,740,575	441,882	-	(1,318,866)	(9,076,092)	-	-	-	3,131,787,499
Buildings	1,205,050,747	347,839	-	-	(23,827,107)	6,579,961	(42,234,341)	-	1,145,917,099
Plant and equipment	34,186,969	12,433,148	-	(48,489)	-	8,902,707	(9,810,831)	-	45,663,504
Furniture and fittings	23,139,838	101,220	-	(2,950)	-	145,855	(1,962,797)	-	21,421,166
Motor vehicles	130,703,999	19,460,507	-	(649,812)	-	-	(12,164,801)	-	137,349,893
Office equipment	14,855,114	6,864,306	-	(10,716)	-	-	(6,903,635)	-	14,805,069
Electricity	1,400,520,089	5,264,320	-	(1,324,763)	-	43,136,802	(96,480,417)	-	1,351,116,031
Other properties	393,088,322	1,735,195	27,088,841	-	-	786,305	(6,034,010)	-	416,664,653
Work in progress (WIP)	624,802,216	195,956,597	-	-	-	(395,926,066)	-	-	424,832,747
Recreational facilities	17,313,006	1,487,737	67,929	-	19,300,000	25,376,549	(1,589,027)	-	61,956,194
Leases	2,229,488	-	749,791	-	-	-	(555,145)	-	2,424,134
Roads	2,106,606,482	12,965,908	-	(9,954)	-	74,326,695	(148,550,365)	(1,798,575)	2,043,540,191
Wastewater network	989,866,882	3,876,961	-	(16,411)	-	141,342,205	(105,963,631)	-	1,029,106,006
Water network	1,269,846,011	2,042,918	-	-	-	60,367,359	(67,961,789)	-	1,264,294,499
Community buildings	203,904,378	4,141,317	-	-	1,535,080	34,961,628	(8,321,150)	-	236,221,253
	11,557,854,116	**267,119,855**	**27,906,561**	**(3,381,961)**	**(12,068,119)**	**-**	**(508,531,939)**	**(1,798,575)**	**11,327,099,938**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Asset additions	Non-cash additions	Disposals	Transfers	Work in progress capitalised	Depreciation	Impairment reversal	Total
Land	3,138,465,575	1,300,000	1,975,000	-	-	-	-	-	3,141,740,575
Buildings	1,230,859,258	2,623,983	549,000	-	-	13,460,149	(42,441,643)	-	1,205,050,747
Plant and equipment	29,695,355	12,060,275	-	(221,748)	-	-	(7,346,913)	-	34,186,969
Furniture and fittings	23,639,114	1,505,911	26,692	(18,095)	-	-	(2,013,784)	-	23,139,838
Motor vehicles	123,770,498	23,685,752	-	(3,537,530)	-	-	(13,214,721)	-	130,703,999
Office equipment	14,814,066	5,627,597	-	(157,501)	-	-	(5,429,048)	-	14,855,114
Electricity	1,402,690,591	16,749,758	-	(2,268,535)	-	-	(87,873,380)	71,221,655	1,400,520,089
Other properties	375,941,609	581,622	-	-	22,293,392	-	(5,728,301)	-	393,088,322
Work in progress (WIP)	463,326,952	263,359,136	-	-	-	(101,883,872)	-	-	624,802,216
Recreational facilities	37,467,106	-	335,095	-	(19,912,877)	-	(576,318)	-	17,313,006
Leases	1,758,693	-	862,874	-	-	-	(392,079)	-	2,229,488
Roads	2,221,362,112	51,603,805	7,000,000	(607,054)	-	-	(172,752,383)	-	2,106,606,480
Wastewater network	992,583,911	2,009,943	-	(74,167)	-	86,738,033	(91,390,838)	-	989,866,882
Water network	1,326,250,435	12,359,478	-	-	-	-	(68,763,902)	-	1,269,846,011
Community buildings	206,469,768	628,378	2,240,000	-	-	1,685,690	(7,119,458)	-	203,904,378
	11,589,095,043	**394,095,638**	**12,988,661**	**(6,884,630)**	**2,380,515**	**-**	**(505,042,768)**	**71,221,655**	**11,557,854,114**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

14. Property, plant and equipment (continued)

Proceeds on disposal of PPE	2012	2011
Carrying value of PPE	3,381,961	6,884,630
Net gain/(loss) on disposal of assets	(1,486,310)	(5,608,765)
Total	**1,895,651**	**1,275,865**

Prior period errors: Other properties	48		
Opening balance as stated in 2011		-	381,800,761
Adjusted		-	(5,859,152)
Restated balance		-	**375,941,609**
Prior period errors: Electricity			
Opening balance as stated in 2011		-	1,403,288,989
Adjusted	48	-	(598,398)
Restated balance		-	**1,402,690,591**
Prior period errors: Wastewater network			
Opening balance as stated in 2011		-	992,643,911
Adjusted	48	-	(60,000)
Restated balance		-	**992,583,911**
Prior period errors: Roads			
Opening balance as stated in 2011		-	1,996,917,658
Adjusted	48	-	(5,655)
Remove opening cost and depreciation as at 1 July 2010	48	-	(643,513,417)
Add back cost and accumulated depreciation after asset adjustments	48	-	872,740,579
Changes in depreciation due to the update of bridge and stormwater asset data	48	-	(4,777,053)
Restated balance		-	**2,221,362,112**
Prior period errors depreciation			
Opening balance as stated in 2011		-	500,382,241

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated
14. Property, plant and equipment (continued)			
Adjusted	48	-	4,660,527
Restated balance		-	505,042,768

There are currently 5 934 assets that have carrying values of and between R0.00 and R1.00, which are still in use.

As at 30 June 2012 there are no temporary idle assets.

As at 30 June 2012 the total cost of all fully depreciated assets amount to R 472 948 560 (2011 restated: R 213 190 375).

As at 30 June 2012 there are no assets retired from active use and held for disposal.

Pledged as security

No assets were pledged as security.

Borrowing costs capitalised

No borrowing costs were capitalised during the year.

Assets subject to finance lease (Net carrying amount)

Office equipment	2,424,134	2,229,489

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

14. Property, plant and equipment (continued)

Revaluations

Revaluations were performed by a consortuim of independent valuers consisiting of CB Richard Ellis Mass Appraisal Services (Pty) Ltd trading as Richard Ellis KZN (Pty) Ltd, Integrate (Pty) Ltd, Afrivall Property Valuers (Pty) Ltd) and Coalition Trading 204 CC which were appointed to do the 2008 general valuation for implementation in July 2009.

The value of property, comprising of land and buildings was determined using the extent of each property and structure. The extent was multiplied by the rate per square meter for the type of property and structure. The rate per square meter for each property and structure type was sourced from the Davis Langdon Property and Construction Handbook 2009. Land values were calculated in terms of the rate per square meter for different geographic areas within the municipality. In order to undertake this process, the land sizes for each property in the register were verified against the Deeds office, AS400 and Cadastre. In cases where no land sizes were provided in the register, the land size was sourced from the Deed, Cadastre and AS400 in that order. The calculation of the rate per square meter for the different geographic areas within the municipality was then applied to any property with a valid land size.

Land and buildings are re-valued every 4 years.

The fair values were determined directly by reference to observable prices and an active market or recent market transactions at arms length terms.

As land and buildings were identified and revalued during 2009, no historical cost is available and therefore no disclosure could be made of what the carrying value under the cost model would have amounted to. No historical cost information is available as prior to the identification and revaluation of these assets in 2009, assets were not componentised but were recorded as globular assets.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. The municipality has taken all reasonable steps to ensure the completeness of the fixed asset register by using the best international and local methodology and practice for asset verification, within the limits of the available organisational, human and financial capacity. However it should be noted that as per international precedents, owing to the nature and large scale of the assets as well as the technical and onerous challenges involved in the process, it is impossible to certify that the fixed asset register is 100% complete.

15. Non- current investments

These investments are classified as financial assets at amortised cost.

No security is held for any of the non-current investments.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

No portion of the non-current investments was pledged as security for any financial liabilities.

The credit quality of non-current investments that are neither past nor due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Fixed term deposits of R 856 601 (2011: R 819 965) are invested with Nedbank at interest rates of 2% - 5.32% (2011: 2.2% - 5.27%)

Fixed deposits long term	856,601	819,965
	856,601	**819,965**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

16. Investment in associate

Name of entity	Listed / Unlisted	% holding 2012	% holding 2011	Carrying amount 2012	Carrying amount 2011	Fair value 2011
East London Industrial Development Zone (Pty)Ltd (IDZ)	Unlisted	26.00 %	26.00 %	-	12,088,092	12,088,092
BCMM share in IDZ - 26,000 shares @ 0,01c		26.00 %	26.00 %	260	-	-
				260	12,088,092	12,088,092

The carrying amount of the associate is shown net of impairment losses.

Movements in carrying value

Opening balance		12,088,092	32,323,291
Share of surplus/(deficit)	44	(12,087,832)	(20,235,199)
		260	**12,088,092**

Investment in associate at 30 June 2012 amounted to R 260 (2011: R 12,088,092).

Fair value

Management could not make a reliable estimate of the fair value of the associate as the information to determine the fair value is not readily available. Management however believes that the face value approximates the fair value of the shares.

Principal activities, country of incorporation and voting power

Legal name	Principal activity	Country	Proportion of voting power
East London Industrial Development Zone (Pty)Ltd	Development of East London's industrial development zone.	SA	26%

Summary of controlled entity's interest in associate

Total equity	(29,526,840)	(15,636,674)
Total liabilities	442,683,592	448,196,303
Total assets	413,156,752	432,559,629
Deficit	(13,890,166)	(25,900,138)
Revenue	6,476,798	8,927,730

Associate with different reporting dates

The financial statements of East London Industrial Development Zone (Proprietary) Limited are prepared for the accounting period 01 April 2011 to 31 March 2012 and the quarter ending 30 June 2012.

Unrecognised share of losses of associates

The municipality has discontinued recognising its share of the deficits of East London Industrial Development Zone (Proprietary) Limited, as the investment is held at R nil and the municipality has no obligation for any deficits of the associate. The total unrecognised deficits for the current period amount to R41 614 932 - (2011 : R20,235,199). The accumulated unrecognised deficits to date amount to R nil (2011: R9,928,176).

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

17. Borrowings

Held at amortised cost		
Annuity loans	645,789,732	690,786,728
	645,789,732	**690,786,728**

The entity did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the borrowings were re-negotiated.

Non-current liabilities		
At amortised cost	604,256,175	645,786,508
Current liabilities		
At amortised cost	41,533,557	45,000,220
	645,789,732	**690,786,728**

18. Consumer deposits

Electricity	19,452,348	16,695,945
Water	17,467,545	16,758,388
	36,919,893	**33,454,333**

The amounts reflected represent a cost value as Management believes that the cost value approximates the fair value.

Guarantees held in lieu of Electricity and Water Deposits amounted to R12 087 359 (2011: R11 257 675).

The consumer deposits are reflected at nominal value as they are utilised as part of the settlement of final consumer accounts.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated
19. Finance lease obligation		
Minimum lease payments due		
- within one year	798,306	1,002,799
- in second to fifth year inclusive	1,518,725	1,020,719
	2,317,031	2,023,518
less: future finance charges	(863,249)	(546,501)
Present value of minimum lease payments	**1,453,782**	**1,477,017**
Present value of minimum lease payments due		
- within one year	463,541	760,066
- in second to fifth year inclusive	990,241	716,951
	1,453,782	**1,477,017**
Non-current liabilities	990,241	716,951
Current liabilities	463,541	760,066
	1,453,782	**1,477,017**

The average lease term was 3-5 years and the average effective borrowing rate was 8.50% (2011: 7.65%).

Interest rates are either fixed or variable at the contract date. All leases have fixed or variable repayments and in certain instances contingent rent is payable, as per stipulations in the lease agreements. The contingent rents were recognised as an expense for the period.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

The entity did not default on any of the interest or capital repayments of the finance leases.

No terms and conditions of the finance leases were re-negotiated.

After the initial period the leases shall automatically be renewed on a monthly basis unless cancelled by either party.

All risks and rewards of ownership remain with the lessor upon expiry of the lease and there is no option to purchase the leased asset.

There are no restrictions imposed on the lease arrangements.

Contingent rents were recognised as an expense for 2012 and 2011. Contingent rents could not be separately disclosed as detailed information is not currently available.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

20. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Additions	Total
Landfill sites	165,884,949	27,088,841	192,973,790

Reconciliation of provisions - 2011

	Opening Balance	Additions	Reversed during the year	Total
Landfill sites	143,591,556	22,293,392	-	165,884,948
Salaries and skills	8,924,573	-	(8,924,573)	-
	152,516,129	**22,293,392**	**(8,924,573)**	**165,884,948**

Non-current liabilities	68,089,174	49,055,625
Current liabilities	124,884,616	116,829,323
	192,973,790	**165,884,948**

With regards to the Provision for Landfill sites: It is stated in the Department of Water Affairs and Forestry "Minimum Requirements for Waste Disposal by Landfill", Second Edition 1998, Chapter 2.3.4, that "All landfills except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be considered closed. Closure will involve, inter alia, the application of final cover, topsoil, vegetating, drainage maintenance and leachate management." Rehabilitation costs in respect of geohydrological monitoring is anticipated to be a recurring cost for the next 30 years. The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non current rehabilitation cost to an estimated future cost which was then discounted to present value.

Assumptions used:
- Interest rate used is BCMM's borrowing rate at 7.65% (2011: 7.65%).

- The valuation for the landfill site provision was done by Munitech (Pty) Ltd, a company which specialises in infrastructure - maintenance and operations and municipal services, which includes solid waste collection and disposal. The company registration number is 1988/761/07 and the SAACE membership number is 439.

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated
21. Payables from exchange transactions			
Accrued leave pay		54,590,844	47,651,207
BCMET		1,910,795	2,018,427
Deposits received		7,713,276	5,956,009
Other creditors		75,498,841	38,176,496
Payments received in advance		61,551,930	61,987,656
Retention monies		24,415,539	25,946,551
Trade payables		224,076,214	187,817,241
		449,757,440	**369,553,586**
Prior period errors	48		
Retention monies previously reported		-	26,632,133
Adjusted		-	(685,582)
Restated		-	**25,946,551**
Prior period errors	48		
Other creditors previously reported		-	34,863,766
Adjusted: stale cheque's overstated		-	(699,312)
Overtime and OSD adjustments		-	4,012,042
Restated		-	**38,176,496**
Prior period errors	48		
BCMET previously reported		-	-
Adjusted		-	2,018,427
Restated		-	**2,018,427**
Estimated effect of the time value of money	48		
Time value of money on payables		-	(650,494)
Reversal of prior year time value of money		-	650,494
Restated		-	-
Estimated effect of the time value of money	48		
Time value of money on payables		-	650,494
Net effect on the statement of financial performance		-	212,423
Reversal of prior year time value of money		-	(862,917)
Restated		-	-
Prior period errors	48		
Balance trade payables previously reported		-	199,613,500
Adjusted		-	(11,796,259)
Restated		-	**187,817,241**

Accrued leave pay represents the total value of all leave due to staff as at 30 June.

BCMET - This amount represents funds allocated to Buffalo City Metropolitan Municipality (BCMM) to promote the planning and provision of adequate urban transport facilities through the preparation and implementation of urban transport plans and to provide for matters connected therewith. The Provincial Urban Transport Board was created under the auspices of the Urban Transport Act to facilitate the goals outlined in the Act. Funds were allocated to achieve those goals and the allocation of funds for projects are conditional on the approval by the Board. In terms of the Act, the funds (which are represented by a bank and an investment account - refer to note 4) are under the administration of the "Core City". Both of these accounts are under the control of employees of BCMM and the strategic guidance of the Urban Transport Board.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

22. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Government grants	724,414,129	179,419,659
Provincial grants	45,955,939	149,238,925
Other conditional grants	17,295,867	17,482,964
	787,665,935	**346,141,548**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

22. Unspent conditional grants and receipts (continued)

Movements on unspent grants

Grant description	Unspent balance 30 June 2011	Receipts	Interest	Transfer operating expenditure	Transfer capital expenditure	Other transfers	Unspent balance 30 June 2012
Transitional grant	113,769	-	-	-	-	-	113,769
Finance management grant	8,004	1,450,000	-	(1,459,000)	-	-	(996)
Land Affairs	65,416,449	-	3,631,785	(50,350)	-	-	68,997,884
Urban settlement development grant	-	423,446,000	-	(4,579,293)	(151,552,358)	-	267,314,349
Municipal Infrastructure Grant	47,305,857	-	-	-	(2,987,486)	(9,804,968)	34,513,403
Public transport infrastructure and systems grant	-	180,000,000	-	-	(1,283,135)	101,301,251	280,018,116
Project Consolidated - billing system - MSIG	89,799	-	-	-	-	(89,799)	-
Energy Efficient Technology	5,738,975	-	-	-	(150,000)	-	5,588,975
European Commission - MURP	1,063,359	-	56,884	(317,656)	-	-	802,587
Land Affairs - East Bank	57,771,281	-	2,963,970	-	-	-	60,735,251
Equitable Share Grant	-	-	-	-	-	-	-
DWA - Provincial	-	18,344,981	-	(18,927,832)	-	1,187,278	604,427
Municipal Support Programme	291,926	-	-	(2,020)	-	-	289,906
Disaster Relief Fund	3,553	-	751	(89,951)	(108,509)	194,156	-
Local Economic Development Fund	4,122,426	276,841	-	(409,228)	-	(677,758)	3,312,281
Premiers Fund	500,000	-	-	-	(432,579)	-	67,421
Mdants Urban Renewal Project (Mnt Ruth Node)	7,498,278	-	384,701	-	-	-	7,882,979
Health Management Systems	176,266	-	-	-	-	-	176,266
Aids Training and Information Centre	6,723,565	5,413,967	-	-	-	(1,088,931)	11,048,601
Dept of Sports Recreation Arts & Culture	11,656,254	-	-	-	(1,219,208)	-	10,437,046
Transport	105,345,493	-	-	-	-	(105,345,493)	-
Ward Committee Training	375,372	-	-	-	-	-	375,372
ADM funding	1,979,270	-	-	-	-	-	1,979,270
BCMET funding	222,603	281,496	-	(281,496)	-	-	222,603
Public funding	4,538,678	686,415	-	-	-	-	5,225,093
SETA fund	397,648	4,387,065	-	(1,078,698)	-	(3,235,123)	470,892
Dept of Economic Affairs and Tourism	152,936	-	-	(25,810)	-	-	127,126
Vuna Award	1,048,758	-	-	-	-	-	1,048,758

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated				
22. Unspent conditional grants and receipts (continued)							
Salaida (Gavle)	522,463	235,655	32,834	(279,437)	-	-	511,515
Glasgow Partnership	15,781	74,077	-	-	-	-	89,858
PADF Contributions	877,963	-	-	-	-	-	877,963
Eastern Cape Development Agency	67,359	-	-	-	-	-	67,359
Umsobomvu Youth fund	645,890	-	33,138	-	-	-	679,028
Compost Waste Management	60,640	-	-	-	-	-	60,640
Leiden	1,609,207	-	74,210	(421,468)	(730,105)	-	531,844
Human Settlement Development Grant	5,184,494	30,463,115	848,928	(27,857,649)	(4,100,081)	-	4,538,807
Housing & Infrastructure Dev. Award	330,312	-	16,850	-	-	-	347,162
Electricity Demand: Side Mngt Grant	1,724	4,000,000	-	-	(3,926,791)	-	74,933
INEP	955,061	26,895,000	-	-	(20,641,201)	(955,061)	6,253,799
DWA- National	953,329	1,714,006	-	(1,711,503)	-	(955,826)	6
Upgrade Water Supply	29,954	-	1,528	-	-	-	31,482
MD Upgrade Water and Sewerage	140,002	-	7,142	-	-	-	147,144
Water Supply to Areas West of IDZ	327,858	-	-	-	-	-	327,858
Bequests	125,392	-	3,895	-	-	-	129,287
Sundry Grants	3,973,109	-	12,839	-	-	-	3,985,948
Grants Ex ADM	425,607	-	758	-	-	-	426,365
Sundry Housing Grants	7,354,884	-	94,247	(215,573)	-	-	7,233,558
	346,141,548	**697,668,618**	**8,164,460**	**(57,706,964)**	**(187,131,453)**	**(19,470,274)**	**787,665,935**

All conditions for the funding were complied with and no funds were withheld.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

23. Post- retirement medical obligation

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Balance at beginning of year	280,763,820	261,331,883
Interest cost	26,493,119	22,491,081
Current service cost	13,851,056	10,173,937
Actual employer benefit payments	(13,459,130)	(12,732,879)
Actuarial (gain)/loss recognised in the year	33,777,164	(500,202)
Net liability	**341,426,029**	**280,763,820**
Net costs		
Interest cost	26,493,119	22,491,081
Current service cost	13,851,056	10,173,937
Actuarial (gain)/loss recognised in the year	33,777,164	(500,202)
	74,121,339	**32,164,816**

Net costs were previously disclosed on the face of the Statement of Financial Performance as follows: interest was included in finance cost, current service costs were included in general expenses and actuarial (gain)/loss was a separate item.

The municipality employees contribute to 6 accredited medical aid schemes, namely LA Health, Bonitas, Key Health, SAMWU Med, FedHealth and Hosmed. Pensioners continue on the option they belonged to on the day of their retirement.

The obligation in respect of the medical care contributions for retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was prepared on 30 July 2012 by ARCH Actuarial Consulting using the Projected Unit Credit Method.

The municipality opted not to recognise the actuarial loss applying the "Corridor" method.

The best estimates for the employer benefit payments in the 2012/13 financial period is expected to be R14 442 048 (The actual employer benefit payments in the 2011/12 financial period was R13 459 130).

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.59 %	8.81 %
Medical aid inflation rate	7.30 %	7.06 %
Net effective discount rate	1.20 %	1.63 %
Post retirement subsidy	60.00 %	60.00 %
Retirement age		
Males	63	63
Females	63	63
Number of eligible members	2,561	2,556
Number of pensioners	520	524
1% change in the assumed medical inflation:		
Projected liability increase/(decrease) - 2012	54,628,165	(44,385,384)
Projected liability increase/(decrease) - 2011	42,114,610	(36,499,296)
Projected liability increase/(decrease) - 2010	43,165,000	(35,058,000)

Mortality during employment - SA 85-90 Ultimate table adjusted for female lives.

Mortality post retirement - PA901 Ultimate table rated down one year.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

24. Revaluation reserve

Opening balance	16,047,826	16,620,963
Depreciation transfer to income	(573,137)	(573,137)
	15,474,689	**16,047,826**

25. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2012

	Financial assets amortised	Total
Other financial assets	70,451	70,451
Trade and other receivables from exchange transactions	312,473,204	312,473,204
Other receivables from non-exchange transactions	153,606,850	153,606,850
Cash and cash equivalents	1,521,057,217	1,521,057,217
Non-current investments	856,861	856,861
	1,988,064,583	**1,988,064,583**

2011

	Financial assets amortised	Total
Other financial assets	82,331	82,331
Trade and other receivables from exchange transactions	211,059,307	211,059,307
Other receivables from non-exchange transactions	90,634,026	90,634,026
Cash and cash equivalents	739,994,248	739,994,248
Non-current investments	12,908,057	12,908,057
	1,054,677,969	**1,054,677,969**

Adjustment of financial assets previously reported.	48		
Previously reported		-	1,064,375,610
Adjusting cash and cash equivalents for bank overdraft		-	1,034,384
The application of an incorrect interest rate on arrear accounts from February 2007 to March 2010 led to an overstatement of debtors		-	(12,750,452)
BCMET - payable not previously included in the AFS		-	2,018,427
Restated			**- 1,054,677,969**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

26. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2012

	Financial liabilities at amortised cost	Measured at fair value	Total
Other financial liabilities	645,789,732	-	645,789,732
Trade and other payables	323,990,594	-	323,990,594
Bank overdraft	1,064,181	-	1,064,181
Consumer deposits	-	36,919,893	36,919,893
Other deposits	-	7,713,276	7,713,276
	970,844,507	**44,633,169**	**1,015,477,676**

2011

	Financial liabilities at amortised cost	Measured at fair value	Total
Other financial liabilities	690,786,728	-	690,786,728
Trade and other payables	251,940,288	-	251,940,288
Bank overdraft	1,034,384	-	1,034,384
Consumer deposits	-	33,454,333	33,454,333
Other deposits	-	5,956,009	5,956,009
	943,761,400	**39,410,342**	**983,171,742**

Adjustment to balance of financial liabilities previously reported	48		
Previously reported		-	951,896,127
Adjustment for bank overdraft previously included under cash and cash equivalents		-	1,034,384
Deposits not previously included as financial instruments		-	39,410,342
Reversal of accrual regarding Ernest and Young reclassified as contingent liabilities		-	(11,796,260)
Retention monies not adjusted when payment occurred resulting in retention monies being overstated		-	(685,582)
Overtime and OSD adjustments		-	4,012,043
Cheque's made out to creditors in 2007 to 2010 not presented for payment were written back where the creditor could not be traced		-	(699,312)
Restated		-	**983,171,742**

27. Revenue

Property rates	522,514,480	453,306,422
Service charges	1,754,709,786	1,463,110,204
Rental of facilities & equipment	13,387,803	14,107,440
Public contributions and donations - operating projects	1,329,257	1,192,709
Fines	5,455,740	7,320,910
Licences and permits	15,707,756	15,052,975
Government grants & subsidies	905,903,245	901,582,926
Public contributions and donations - PPE	1,283,135	9,029,317
Fuel Levy (Amount transferred by National Treasury iro BCMM's Metro allocation)	170,477,000	-
	3,390,768,202	**2,864,702,903**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated
27. Revenue (continued)		
The amounts included in revenue arising from exchanges of goods or services are as follows:		
Service charges	1,754,709,786	1,463,110,204
Rental of facilities & equipment	13,387,803	14,107,440
Licences and permits	15,707,756	15,052,975
	1,783,805,345	**1,492,270,619**
The amounts included in revenue arising from non-exchange transactions are as follows:		
Taxation revenue		
Property rates	522,514,480	453,306,422
Public contributions and donations - Operating projects	1,329,257	1,192,709
Fines	5,455,740	7,320,910
Transfer revenue		
Government grants and subsidies	905,903,245	901,582,926
Public contributions and donations - PPE	1,283,135	9,029,317
Fuel Levy	170,477,000	-
	1,606,962,857	**1,372,432,284**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

28. Property rates

Rates received

Residential	269,341,269	228,762,109
Commercial	243,352,437	214,427,174
Municipal	967,510	17,989
Public Benefit Organisation	4,580	-
Educational	5,586,571	5,928,365
Agricultural	3,117,285	1,240,196
Public Service Infrastructure	318,116	294,466
Vacant land	21,978,245	19,752,986
Less: Income forgone	(22,151,533)	(17,116,863)
	522,514,480	**453,306,422**

Valuations

Residential	41,152,218,219	41,134,476,461
Commercial	14,639,490,800	15,241,656,800
Public Benefit Organisation	2,800,000	-
Municipal	1,904,813,166	-
Rural Communal Land and Special	1,407,397,700	1,585,704,086
Educational	1,219,509,000	1,509,009,000
Agricultural	1,905,430,990	1,904,328,990
Public Service Infrastucture	277,782,000	280,159,400
Vacant land	1,119,340,202	1,439,978,926
	63,628,782,077	**63,095,313,663**

In terms of the Municipal Property Rates Act, Act 6 of 2004 (MPRA) valuations on land and buildings are performed every 4 years and a supplementary valuation at least once a year. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on a monthly basis (the due date for monthly accounts is the 15th of every month). Consumers must apply if they want to pay annually with the final date for payment for annual accounts being30 September 2012. Interest at a standard rate (as amended from time to time), is levied on rates outstanding after 30 September, except where the owner is paying in installments.

Tariffs levied c/R

Agricultural	0,1636	0.1477
Business	1,6362	1.4768
Educational	0,4581	0.4135
Public Service Infrastructure	0,1636	0.1477
Residential	0,6545	0.5907
Vacant Land	1,9635	1.7721

Buffalo City Metropolitan Municipality grants rebates, in terms of the Municipality's rates policy to the following category of owners:

A 40% rebate to senior citizens if they meet certain requirements.

A rebate/discount of up to 75%, where the Municipality does not supply some or all of the following services:

Constructed public roads	15.0 %	15.0 %
Water supply	22.5 %	22.5 %
Refuse removal service	7.5 %	7.5 %
Electricity supply	15.0 %	15.0 %
Sewerage service	15.0 %	15.0 %

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

28. Property rates (continued)

	75.00 %	75.00 %

- Properties that were not rated before 2009 qualify for a compulsory phase in period of three years in terms of Section 21 of the MPRA. Discount for 2012 was 25% (2011: 50%).
- Impermissible rates (Section 17 of the MPRA):
  Section 17 (1)(a) - First 30% of the market value of public service infrastructure.
  Section 17 (1)(h) - R15 000 on market value of residential properties.
  Section 17 (1)(i) - Properties registered in the name of and used for public worship by religious communities, including an official residence registered in the name of that community which is occupied by an office bearer of that community.

29. Service charges

Sale of electricity	1,137,197,632	924,517,932
Sale of water	239,551,504	200,157,656
Sewerage and sanitation charges	197,957,711	176,708,703
Refuse removal	175,340,728	157,219,214
Other service charges	4,662,211	4,506,699
	1,754,709,786	**1,463,110,204**

30. Government grants and subsidies

Government grants operating projects	26,062,309	35,014,109
Government grants housing	31,195,503	103,225,478
Government grant - PPE	184,968,213	223,635,089
Government grants and subsidies - unconditional	663,677,221	539,708,250
	905,903,246	**901,582,926**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Unspent conditional grants and receipts

Conditions still to be met - remaining liabilities (see note 22).

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated
31. Other revenue		
Administration fees	26,055	29,273
Admission fees	1,803,192	1,889,307
Application: Town planning	33,388	53,216
Cemetery fees	5,800,317	5,077,847
Cold storage fees	487,416	471,611
Commission	15,412,627	14,765,849
Coupons and clip tickets	1,657,828	2,302,324
Dog tax and penalties	620,211	619,226
Fire brigade	180,558	298,159
Fire levy charges	40,780,779	36,458,206
Grazing fees	52,622	57,635
Hire charges	400,385	711,707
Insurance	2,713,626	1,119,950
Levy on gates	90,757	77,287
Library	24,130	29,190
Meter test fees	34,492	37,409
Parking meters	192,648	335,069
Photocopies	103,523	106,347
Plan approval fees	4,459,391	4,565,703
Private works	1,261,309	1,478,669
Sale of plants and animals	39,671	12,597
Scrap	2,772,408	3,645,531
Service connections and reconnections	7,077,038	14,027,178
Street frontage administration fees	270,807	292,784
Sub division fees	545,545	705,326
Sundry income	1,540,964	2,415,706
Tender receipts	523,609	556,351
Towing fees	51,824	178,495
Vehicle registrations	28,802,345	28,048,212
	117,759,465	**120,366,164**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated
32. General expenses		
Advertising	2,210,070	1,714,326
Assessment rates & municipal charges	2,195,640	1,977,090
Assets expensed	1,857,599	1,723,261
Auditors remuneration	7,328,872	5,309,522
BCMET	283,029	204,840
Bank charges	5,778,184	5,454,308
Chemicals	15,271,994	11,152,546
Cities network	292,308	265,734
Cleaning	4,056,593	4,050,772
Commission paid	11,133,109	10,291,127
Community development and training	7,218	223,851
Computer expenses	2,101,289	4,130,346
Conferences and seminars	2,062,661	1,689,928
Consulting and professional fees	29,598,390	32,607,115
Consumables	6,838,765	6,730,535
DWAF	4,227,598	4,038,968
Disconnections	3,768,702	5,052,807
Entertainment	2,032,754	1,839,660
Essential user cost	11,862,533	10,471,708
Fuel and oil	31,455,269	25,437,674
Hire (labour and plant)	1,540,921	1,179,090
IT expenses	3,954,888	2,707,588
Insurance	15,520,704	12,359,957
Lease rentals on operating lease	40,672,197	33,468,048
Levies	13,225,798	7,458,085
Magazines, books and periodicals	2,443,226	2,305,180
Marketing	244,400	147,774
Motor vehicle expenses	3,985,988	3,512,980
Poor relief	98,646,964	114,703,417
Operating and housing projects ex grants	100,939,751	112,280,654
Other expenses	43,396,367	64,455,329
Postage and courier	4,695,504	4,873,147
Printing and stationery	8,132,810	8,313,546
Promotions	342,366	520,945
Royalties and license fees	8,366,907	7,729,135
Security (Guarding of municipal property)	386,217	19,884,012
Software expenses	326,682	559,507
Subscriptions and membership fees	9,500,000	4,534,166
Telecommunication costs (telephones, faxes and cell phones)	20,490,877	17,710,061
Title deed search fees	6,966	21,577
Training	3,133,866	3,201,590
Travel - local	6,233,208	4,874,020
Travel - overseas	1,114,021	1,450,294
Uniforms	6,832,462	6,103,000
Utilities (electricity, refuse and water departmental charges)	54,974,414	57,463,185
	593,470,081	**626,182,405**

Refer to note 39 in respect of time value for money on expenditure regarding the 2011 financial period reallocated.

Prior period errors note 48

Operating and housing projects ex grants	-	107,286,706
Adjusted	-	4,993,948
Restated	**-**	**112,280,654**

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated
33. Employee related costs			
Basic emoluments		602,172,059	538,615,873
Medical aid contributions		40,410,121	37,665,306
UIF		6,005,373	5,459,018
Leave pay contribution		25,319,589	20,715,702
Pension fund contribution		110,355,566	101,281,869
Overtime payments		50,915,706	44,861,492
Long-service awards		12,194,233	10,888,485
13th Cheque's		50,148,188	44,539,274
Car allowance		18,717,538	17,522,377
Housing benefits and allowances		3,770,310	3,625,972
Group life		5,333,247	5,239,333
Other allowances		27,314,873	30,039,402
Transitional allowances		-	213,021
		952,656,803	**860,667,124**
Overtime payments prior year errors	48		
As previously stated		-	43,661,717
Adjustment		-	1,199,775
Restated		**-**	**44,861,492**
Other allowances prior year errors	48		
As previously stated		-	28,589,069
Adjustment		-	1,450,333
Restated		**-**	**30,039,402**

Included in staff costs for the 2011/12 financial year is an amount of R25 269 190 that was paid by BCMM on behalf of the Department of Health (DOH) for the period January 2012 to June 2012. This was in respect of Primary Health staff that were transferred from BCMM to DOH on 01 January 2012. A claim has been submitted by BCMM to DOH in the amount of R24 522 793. The difference of R746 397, in respect of Health Administration cannot be claimed as only two thirds of the Health Administration cost is claimable.

Prior year adjustmens for OSD and responsibility allowances relating to the 2010 financial year and earlier amounted to R1 310 820 and R51 114 respectively.

Remuneration of Municipal Manager

Annual Remuneration	803,225	839,787
Other	535,483	559,858
	1,338,708	**1,399,645**

Remuneration based on the position being filled for the full period.

Remuneration of Chief Finance Officer

Annual Remuneration	702,740	671,836
Other	468,493	447,890
	1,171,233	**1,119,726**

Remuneration based on the position being filled for the full period. The CFO position was vacant during the 2010/11 and 2011/12 financial years.

Remuneration of Director Executive Support Services

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated
33. Employee related costs (continued)		
Annual Remuneration	527,055	671,836
Travel allowance	144,000	192,000
Allowance	78,681	91,459
UIF	1,123	1,497
Medical aid	14,922	131,008
Pension contributions	102,776	19,346
Group life	9,869	12,580
	878,426	**1,119,726**

The director of executive support resigned on 31 March 2012 and the position remained vacant for the rest of the financial year.

Remuneration of Chief Operations Officer

Annual Remuneration	292,808	671,836
Travel allowance	80,000	192,000
Allowance	35,599	73,695
UIF	624	1,497
Medical aid	16,403	37,111
Pension contributions	57,098	131,008
Group life	5,483	12,580
	488,015	**1,119,727**

The chief operating officer resigned on 30 November 2011 and the position remained vacant for the rest of the financial year.

Remuneration of Director Corporate Services

Annual Remuneration	702,740	671,836
Housing subsidy	36,000	36,000
Travel allowance	180,000	180,000
Allowance	97,906	83,977
UIF	1,497	1,497
Medical aid	16,056	15,408
Pension contributions	137,034	131,008
	1,171,233	**1,119,726**

Remuneration of Director Health and Public Safety

Annual Remuneration	702,740	671,836
Allowance	329,962	315,385
UIF	1,497	1,497
Pension contributions	137,034	131,008
	1,171,233	**1,119,726**

Remuneration of Director of Engineering Services

Annual Remuneration	702,740	671,836
Travel allowance	168,000	168,000
Allowance	140,220	126,553
UIF	1,497	1,497
Medical aid	12,424	11,923
Pension contributions	137,034	131,008
Group life	9,318	8,909
	1,171,233	**1,119,726**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

33. Employee related costs (continued)

Remuneration of Director of Development and Planning

Annual Remuneration	702,740	671,836
Travel allowance	192,000	192,000
Allowance	105,115	91,913
UIF	1,497	1,497
Medical aid	19,688	18,893
Pension contributions	137,034	131,008
Group life	13,158	12,580
	1,171,232	**1,119,727**

Remuneration of Director of Community Services

Annual Remuneration	702,740	671,836
Travel allowance	120,000	120,000
Allowance	196,803	182,806
UIF	1,497	1,497
Pension contributions	137,034	131,008
Group life	13,158	12,580
	1,171,232	**1,119,727**

34. Remuneration of Councillors

Executive Mayor	607,480	403,700
Deputy Mayor (2011: appointed on 21 June 2011)	485,984	38,212
Speaker	485,984	276,185
Chief Whip (2011: appointed on 21 June 2011)	455,610	35,834
Mayoral Committee Members (Allowance = R 455 610: 9 Councillors)	4,100,490	2,729,190
Councillors (Allowance = R 212 618: 87 Councillors)	24,842,828	11,046,039
Councillors pension contribution	1,767,177	1,182,709
Councillors housing subsidy	2,261,594	1,248,928
Councillors medical aid	795,151	874,671
Travel allowance	7,075,811	5,312,404
UIF	87,557	129,953
	42,965,666	**23,277,825**

In-kind benefits

The Executive Mayor, Deputy Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. Cost of secretarial support amounts to R 2 486 553 (2011: R 1 666 746).

The Executive Mayor and Deputy Mayor each have the use of a Council owned vehicle for official duties. Operating costs of the two vehicles amounts to R 333 666 (2011: R 360 280). An amount of R 304 444 was incurred for hired vehicles.

The Executive Mayor and Deputy Mayor each have a full-time bodyguard and an official driver. Cost of the two bodyguards and the two drivers amounts to R1 427 729 (2011: R1 105 221).

35. Debt impairment

Contributions to debt impairment allowance account	58,206,738	210,998,044

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated

36. Interest received on investments

Interest revenue			
Unlisted financial assets		51,472,891	26,263,426
Bank		7,216,104	6,263,496
Interest charged on trade and other receivables		23,911,632	21,150,823
Interest on sporting body loans		8,252	51,638
		82,608,879	**53,729,383**

37. Fair value adjustments and discounting of receivables and payables

in terms of GRAP 104 Paragraph 87 the initial period granted for short-term payables and receivables are 30 days and is consistent with established practice and legislation, therefore no discounting needs to be performed.

The fair value adjustment on Sanlam shares was revalued to R 330 911 during 2011.

38. Depreciation and amortisation

Property, plant and equipment	14	508,531,940	505,042,762
Intangible assets	11	4,477,178	3,723,425
		513,009,118	**508,766,187**
Prior period errors			
Previously reported		-	502,616,867
Adjustment intangible assets	48	-	1,488,794
Adjustments depreciation	48	-	4,660,527
Restated		-	**508,766,188**

39. Interest paid

Non-current borrowings	70,491,430	58,641,142
Changes in accounting policy		
Estimated effect of the time value of money on expenditure previously reported	-	6,135,194
Adjusted	-	(6,135,194)
Restated	-	-

Changes in accounting policies reflected above, also refer to note no.32.

Refer to note 23 (Retirement benefits).

40. Auditor General remuneration

Expenses	7,328,872	5,309,522

Scope of work for 2011 was extended, relating to the interim audit, compliance and predetermined objectives.

41. Contracted services

Specialist Services	-	7,000
Other Contractors	6,839,654	5,900,804
	6,839,654	**5,907,804**

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated
42. Grants and subsidies paid			
Grants-in-Aid			
Mayoral Social Responsibility		420,901	152,331
Grants : Rates		-	2,086,319
Buffalo City Development Agency		1,363,650	1,034,781
Publicity Association Grant		1,115,717	5,083,560
Sponsored Sporting Events		12,036,802	11,611,382
Grants & Subsidies		-	903,711
		14,937,070	**20,872,084**
43. Bulk purchases			
Electricity		787,947,115	634,092,182
Water		127,440,041	137,160,798
		915,387,156	**771,252,980**
44. Net cash flows from operating activities			
Surplus / (Deficit)		123,094,646	(227,559,405)
Non-cash movements			
Depreciation and amortisation	38	513,009,118	508,766,187
(Gains)/Losses on the sale of property, plant and equipment	14	1,486,310	5,608,765
Share of deficit of associate	16	12,087,832	20,235,199
Fair value adjustment on Sanlam shares revalued	37	-	(330,911)
Impairment loss (reversal)	14	1,798,575	(71,221,655)
Debt impairment	35	58,206,738	210,998,044
Increase in operating leases	9	(1,582,011)	(3,588,506)
increase in post retirement medical aid benefit obligation	23	60,662,209	19,431,937
Increase in provisions relating to landfill sites	20	27,088,842	13,368,819
Adjustment prior year for discounting applied on payables	48	-	(212,423)
Adjustment of prior year transactions (BCMET), overtime and OSD	48	-	4,668,537
Revaluation of property, plant and equipment	14	67,929	4,763,998
Non-cash property, plant and equipment additions	14	(27,906,561)	(12,988,661)
Non-cash property, plant and equipment transfers	12&14	-	(21,958,294)
Increase in inventory	5	20,303,946	(40,629,113)
Decrease in receiveables from non-exchange transactions	7	(62,258,787)	28,415,788
Increase in receivables from exchange transactions	6	(159,620,632)	(147,501,789)
Increase in payables from exchange transactions	21	80,203,858	36,150,512
Decrease in VAT receivables	8	3,330,159	12,359,418
		649,972,171	338,776,447

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

45. Commitments

Authorised capital expenditure

Approved and contracted for - Property, Plant and Equipment

• Community	32,930,069	77,271,475
• Infrastructure	227,001,502	145,995,914
• Other	121,217,979	4,631,752
	381,149,550	**227,899,141**

This committed expenditure relates to Infrastructure, Community and Other Property, Plant and Equipment.
Above amounts exclude VAT. The 2011 financial statements reflected a total amount of R387 256 409 for commitments in 2011. The restatement in the 2011 year can be attributed to the contract register being reviewed and revised during the 2012 financial year.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	6,357,433	2,007,366
- in second to fifth year inclusive	24,085,494	59,425
	30,442,927	**2,066,791**

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of five years. No contingent rent is payable.

46. Contingencies

Contingent assets

The estimated amount of recoverable traffic fines for 2012 is R1 495 800 (2011: R2 438 300) at year end.

BCMM purchased property in the amount of R 762 440 (2011: R762 440) from Roger Rodney Smith who has now instituted a claim against Council for the sale to be reversed. If successful, BCMM will be refunded the amount.

Summons in the amount of R 492 050 (2011: R492 050) have been issued to parties to recover costs incurred relating to a forensic investigation undertaken in respect of services rendered for waste sites.

A claim of approximately R50 000 has been instituted by Council against ASBF Marking, Imigudu Joint Venture and Others due to contractor disputes whereby the contractor defaulted from their obligations in terms of the contract.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

47. Related parties

Associate	Refer to note 16

Buffalo City Development Agency (BCDA) (a Section 21 company registration no 2004/016829/08):

The BCDA was incorporated on 18 June 2004 as a Municipal entity of BCMM. BCDA is 100% controlled by BCMM. BCMM Council resolved to report all Agency related pre-incorporation financial transactions for the first time at 30 June 2005.

BCMM relationship with BCDA: Subsidiary - Buffalo City Development Agency (SOC) Ltd.

The municipality issued grants of R1 196 185 (VAT exclusive) to the development agency during the current financial year (2011: R962 413 restated - VAT exclusive).

BCDA has paid no consumer accounts during the current financial year (2011: R11 132).

There are no share based payments.

There are no post-employment benefits for key personnel.

All Councillors and Employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over Council in making financial and operating decisions.

The investment in BCDA was impaired to nil.

BCDA was not operational in terms of its mandate since 1 January 2011.

For key management and councillors remuneration refer to notes 33 and 34.

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated

48. Prior period adjustments

During the year the following adjustments were made to transactions whereby amounts were erroneously stated in previous financial periods:

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position - 2010 and prior			
Retention monies not adjusted when payment occurred resulting in retention monies being overstated	21		685,582
Cheque's made out to creditors in 2007 to 2010 not presented for payment were written back where the creditor could not be traced	21		699,312
The application of an incorrect interest rate on arrear accounts from February 2007 to March 2010 led to an overstatement of debtors	6&7		(12,750,452)
Adjustment of OSD allowances paid incorrectly to Primary Health staff on behalf of the Department of Health pre 2011	21&33		(1,310,820)
Adjustment of responsibility allowance paid in 2012 i.r.o 2010	21&33		(51,114)
Reversal of accrual regarding Ernest and Young reclassified as contingent liabilities	21		11,796,259
Adjustment of bridges and stormwater carrying values as per the updated fixed asset register 2011	14		(643,513,417)
Adjustment of VAT due to reversal of E&Y	8	-	(1,240,003)
Total changes to Surplus/(Deficit) for 2010			**(645,684,653)**
Statement of Financial Position 2011			
Depreciation adjustment due to review of assets	38		(4,660,527)
Adjustment of Intangible assets due to review of computer software values	11&38		(1,488,794)
BCMET - payable not previously included in the AFS	21		(2,018,427)
BCMET - bank and investment account not previously included in the AFS	4		2,018,427
Correcting the value of RDP houses not transferred, unoccupied and not completed as at 30 June 2011	5		(4,993,947)
Fair value reversal adjustment in terms of GRAP 104 affecting creditors	21		(650,494)
Fair value reversal adjustment in terms of GRAP 104 affecting creditors	21		862,916
Adjustment to creditors relating to overtime payments paid in 2012 i.r.o. 2011	21&33		(1,199,776)
Adjustment to creditors relating to OSD payments made in 2012 i.r.o. 2011	21&33		(1,409,156)
Adjustment of responsibility allowances paid in 2013 i.r.o 2011	21&33		(41,176)
Total changes to the Statement of Financial Position 2011			**(13,580,954)**
Accumulated Surplus 2011			
Depreciation adjustment due to review of assets	14		(6,523,205)
Fair value reversal adjustment in terms of GRAP 104	21		(862,916)
Adjustment of bridges and stormwater carrying values as per the updated fixed asset register 2011	14		872,740,579
Depreciation adjustment iro bridges and stormwater assets	14		(4,777,052)
Total changes to Accumulated Surplus/(Deficit) 2011			**860,577,406**

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated

48. Prior period adjustments (continued)

Statement of Financial Performance 2011			
Deficit for the year as per audited financial statements			**213,978,452**
Depreciation understated due to review of assets	14&38		4,660,528
Amortisation of intangible assets due to review of computer software values	11&38		1,488,794
Adjustment of responsibility allowances paid in 2013 i.r.o 2011	33		41,176
Adjustment of overtime payments in 2012 i.r.o. 2011	33&44		1,199,776
Correcting the value of RDP houses not transferred, unoccupied and not completed as at 30 June 2011	32		4,993,945
Fair value reversal adjustment in terms of GRAP 104 affecting surplus	21		(212,422)
Adjustment to creditors relating to OSD payments made in 2012 i.r.o. 2011	33&44		1,409,156
Net effect on deficit for 2011			**13,580,953**
Restated deficit for 2011			**227,559,405**
Reconciliation of the restated balance of the accumulated surplus as at 1 July 2011			
Balance as per audited financial statements			10,979,220,466
Changes effecting net assets			201,311,802
Balance at 1 July 2011 as restated			**11,180,532,268**
Summary: Adjustments affecting Net Assets			
Changes to Accumulated surplus/(deficit) for 2011			860,577,406
Changes to operating income and expenditure accounts in the 2011 year			(13,580,952)
Changes to operating income and expenditure accounts in the 2010 and earlier years			(645,684,652)
Total changes affecting Net Assets			**201,311,802**

49. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings, cash and cash equivalents and equity.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out under policies approved by the accounting officer. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

49. Risk management (continued)

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - normal credit terms	9.00 %	500,209,639	-	-	-	-
Cash in current banking institutions	4.00 %	56,846,142	-	-	-	-
Call investment deposits	5.09 %	1,464,211,075	-	-	-	-
Trade and other payables - extended credit terms	10.50 %	(323,990,594)	-	-	-	-
Long term borrowings	10.18 %	(41,533,557)	(86,934,939)	(136,609,426)	(179,715,437)	(200,996,373)

These amounts best represent maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements.

Sensitivity Analysis of Market Risk

Effect of a 1% change in the interest rate	Current interest rate	Value 30 June 2012	Discounted value at current rate	Discounted value at current rate (-1%)	Discounted value at current rate (+1%)
Trade and other receivables - normal credit terms	9.00 %	500,209,639	458,907,926	463,157,073	454,736,035
Trade and other payables	10.50 %	(299,575,055)	(271,108,647)	(273,584,525)	(268,677,179)
Cash and cash equivalents					
Cash in current banking institutions	4.00 %	56,846,142	54,659,752	55,190,429	54,139,183
Call investment deposits	5.09 %	1,464,211,075	1,393,292,487	1,406,677,947	1,380,159,369

The sensitivity analysis was based on the assumption that a 1% increase or decrease in the interest rate could occur. The method used to prepare the sensitivity analysis was based on the discounted value of the respective cash flow for 1 year using the respective current interest rate in order to determine the effect of applicable market risk of a 1% increase or decrease in the interest rate.

Credit risk

Credit risk consists mainly of cash deposits (refer note 4) and trade debtors (refer notes 6&7). The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

50. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continues to procure funding for the ongoing operations for the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

51. Events after the reporting date

At the time of preparing and submitting the Annual Financial Statements there were no subsequent events to disclose.

52. Unauthorised expenditure

Opening balance	8,116,451	-
Unauthorised expenditure for the year	-	8,116,451
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-
Closing balance	**8,116,451**	**8,116,451**

No disciplinary steps were taken to date of reporting and there is no indication that these costs are recoverable.

53. Fruitless and wasteful expenditure

Opening balance	4,430,192	3,308,145
Delayed claim on Reeston Phases 1 and 2 Housing Project.	-	323,654
Acts of negligence, damage to municipal properties and theft of goods.	828,514	647,986
Payment to Eastern Engineering Contractors (Pty) Ltd but goods were never received.	-	132,201
Interest charged on overdue accounts due to late payment and sheriff fees.	103,004	18,206
Payments made in respect of Council Litigations.	60,555	-
	5,422,265	**4,430,192**

Payment of interest on delayed claims to the amount of R 323 654 was granted to Grinaker LTA in terms of court order 926/2009 regarding costs and other expenditure due to claims not being submitted timeously. No disciplinary action has been taken to date of reporting and there is no indication that these costs are recoverable.

Staff members involved in acts of negligence, damage to vehicles, theft of goods and overpayment of overtime, resulted in the municipality incurring losses totalling R 828 514 (2011: R 647 986). No disciplinary action has been taken to date of reporting and there is no indication that these costs are recoverable.

Development of open spaces - Bisho, Dimbaza and Breidbach. R 132 201 was paid to Eastern Engineering Contractors (Pty) Ltd but goods were never received. No disciplinary action has been taken to date of reporting and there is no indication that these costs are recoverable.

Interest charged on overdue accounts due to late payments and sheriff fees amounted R103 004 (2011: R18 206). No disciplinary action has been taken to date of reporting and there is no indication that these costs are recoverable.

Payments made in respect of Council Litigations amounted to R 60 555.

In the prior year an amount of R 4 708 631 was disclosed as fruitless and wasteful expenditure as payments made to directors while they were suspended. The amount is not disclosed in the financial's as comparative figures as the suspension of these directors has subsequently been lifted and the directors have been reinstated. The expenditure is not considered fruitless and wasteful expenditure.

BCMM has resolved that an investigative committee be established by the office of the Executive Mayor to investigate all irregular, fruitless and wasteful expenditure. The outcome of this process will determine the recoverability and disciplinary actions to be taken.

54. Irregular expenditure

Opening balance	227,141,742	60,905,364
Irregular Expenditure - current year	436,694,238	167,117,032
Less: Amounts written off	-	(880,654)
	663,835,980	227,141,742

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

54. Irregular expenditure (continued)

Analysis of expenditure awaiting condonation per age classification

Current year	436,694,238	167,117,032
Prior years	227,141,742	60,024,710
	663,835,980	**227,141,742**

Details of irregular expenditure - current year

Quotations	103,585,743
Stock purchases	177,354
Expired contracts	186,920,051
Irregular expenditure - missing documentation	126,462,641
Expired leases	4,373,022
Payments iro Councillors	15,175,427
	436,694,238

The mayor is currently occupying a house owned by the municipality rent free. The fair market related rental of this property is R96 000.

BCMM has resolved that an investigative committee be established by the office of the Executive Mayor to investigate all irregular, fruitless and wasteful expenditure. The outcome of this process will determine the recoverability and disciplinary actions to be taken.

Details of irregular expenditure recoverable (not condoned)

Tender award - Irregularities - Neo Solutions	2,278,189
Tender award - Irregularities - Waste Rite	20,231,888
	22,510,077

Details of irregular expenditure not recoverable (not condoned)

Quotations	103,585,743	-
Stock purchases	177,354	19,754,104
Expired contracts	186,920,051	147,334,140
Irregular expenditure - missing documentation	126,462,641	-
Expired leases	4,373,022	28,788
Payments iro Councillors	15,175,427	-
	436,694,238	**167,117,032**

55. In-kind donations and assistance

FELZOO donated assistance to BCMM	193,378	81,527

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	9,500,000	4,534,166
Amount paid - current year	(9,500,000)	(4,534,166)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Contributions to SA Cities Network

Current year subscription / fee	292,308	265,734
Amount paid - current year	(292,308)	(265,734)
	-	-

Audit fees

Current year fee	7,328,872	5,309,522
Amount paid - current year	(7,328,872)	(5,309,522)
	-	-

PAYE and UIF

Current year subscription / fee	118,498,259	105,940,361
Amount paid - current year	(118,498,259)	(105,940,361)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	221,671,814	208,918,976
Amount paid - current year	(221,671,814)	(208,918,976)
	-	-

VAT

VAT receivable	34,129,583	37,459,742

VAT output payables and VAT input receivables are shown in note 8 as net VAT receivable.

All VAT returns have been submitted by the due date throughout the year. VAT is only declared to SARS on receipt of payment from consumers.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors and officials arrear consumer accounts

Arrear Councillors accounts totalling R2 913 were outstanding for more than 90 days at 30 June 2012 (2011: R8 684) for which mechanisms are in place to deduct amounts from the monthly allowances of each Councillor.

30 June 2012	Outstanding more than 90 days
Councillor N.E. Maqidlana	652
Councillor A.M. Matana	503
Councillor R.N. May	530
Councillor N. Mekani	633
Councillor L.J. Mentoor	358
Councillor L. Quse	237

30 June 2011	Outstanding more than 90 days
Councillor N.E. Maqidlana	2,224
Councillor R.N. May	738
Councillor N. Mekani	1,362
Councillor L.J. Mentoor	75
Councillor M.T. Ngcaba	3,424
Councillor W.I. Ntozini	541
Councillor L. Quse	223
Councillor X.L. Samana	97

During the year officials accounts totalling R461 723 were outstanding for more than 90 days.

Material losses

Electricity losses for the current year amounted to 12.61% i.e. R97 544 542 (2011: 12.37% i.e.R76 277 387). These losses comprise of technical and non-technical losses. Technical losses, being losses within the network which are inherent in any network, account for 6.5% i.e. R50 285 375 (2011: 9.45% i.e. R58 267 364). Non-technical losses, being theft, faults, billing errors etc., account for 6.11% i.e. R47 259 167 (2011: 2.92% i.e. R18 010 023). Attempts are currently being made to reduce these non-technical losses.

Non revenue water i.e. non billed water amounted to 47.28% i.e. R105 221 795 (2011: 45.38% i.e. R92 323 787) . 37.56% i.e. R83 590 522(2011: 34.34% i.e. R69 852 177) of these losses can be accounted for it terms of the National Guidelines for non-revenue water. 9.72% i.e. R21 631 273 (2011: 11.04% i.e. R22 471 610) of these losses cannot be accounted for mainly due to the non-metering of this water. This problem is currently being addressed whereby additional meters are being installed.

57. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	-	187,584,824
Finance leases raised	749,790	862,874
Used to finance property, plant and equipment	(749,790)	(188,447,698)
	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

58. Deviation from supply chain management regulations

Regulation 36 of the MFMA on Supply Chain Management (SCM) Regulations and clause 44 of the SCM Policy of 2009 states that a SCM Policy must provide for the procurement of goods and services by way of a competitive bidding process.

Regulation 36 states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the annual financial statements.

During the financial year under review goods/services totalling R21 666 617 (2011: R8 900 518) were procured and the process followed in procuring those goods/services deviated from the provisions of the regulations as stated above. The accounting officer approved the deviations from the normal SCM regulations.

59. Retirement benefit information

The employees of the Council as well as the Council as employer, contribute to Municipal Pension, Retirement and various Provident Funds as listed below:

- Cape Joint Pension Fund
- Cape Retirement Fund
- Eastern Cape Local Authorities Provident Fund
- Government Employees Pension Fund
- SAMWU National Provident Fund
- SALA Pension Fund
- East London Municipal A Band Provident Fund
- Old Mutual Orion Provident Fund
- Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede
- Municipal Employees Pension Fund
- Municipal Councillors Pension Fund

The Cape Joint Pension Fund's last actuarial valuation was at 30 June 2011 conducted by S. Neethling from Metropolitan Life Limited. The fund was 98.1% funded at valuation date. BCMM has both defined contribution (9) and defined benefit (31) members within this fund. The fund includes a number of municipalities and it is therefore not possible to identify each municipalities performance as the assets of the fund cannot be separately identified. Due to the low number of members it is envisaged that a surplus or deficit will not have a material effect on future contributions.

The Cape Retirement Fund's last actuarial valuation was at 30 June 2011 conducted by S Neethling from Metropolitan life Limited who certified that the fund was in a sound financial position.

The Eastern Cape Local Authorities Provident Fund's last valuation was at 30 June 2011 conducted by E. Du Toit from Alexander Forbes Financial Services who certified that the structure of the assets and the matching of the assets with the liabilities is adequate.

The Government Employees Pension Fund's last valuation was at 31 March 2010 conducted by A Nel . The funding level at this date was 100%.

SAMWU National Provident Fund's last actuarial valuation was at 30 June 2008 conducted by E. Potgieter from Fifth Quadrant Actuaries & Consultants (Pty) Ltd. The report stated that the fund was in a sound financial position.

The SALA Pension Fund's last valuation was at 30 June 2010 conducted by J.F.Rosslee of Genesis Actuarial Solutions. The fund was 96% funded as at valuation date.The valuator was satisfied with the investment policy of the fund and the nature of the assets is in his opinion, suitable for the nature of the liabilities of the fund at the date of valuation.

The Municipal Employees Pension Fund's last interim valuation was at 29 February 2009 prepared by Itakane Consultants and Actuaries (Pty) Ltd. The funding level at this date was 102.2%.

The Municipal Councillors Pension Fund's last valuation was at 30 June 2009 prepared by A. F. Botha from Jacques Malan Consultants and Actuaries. The report stated that the fund was in a sound financial position.

It is Council's policy to fund 60% of Pensioner's medical aid expenses.The current costs amount to approximately R 13.5 million.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

59. Retirement benefit information (continued)

An amount of R 151.9 million (2011: R 143.6 million) was contributed by Council, Councillor's and employee's in respect of Councillor and employee retirement funding. These contributions have been expensed.

The East London Municipal A Band and Old Mutual Orion Provident Funds as well as the Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede are fixed/defined contribution funds. It is therefore not necessary to perform actuarial valuations for these funds.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

60. Contingent liabilities

Litigation Issues		
A claim has been instituted against Council due to alleged defamation. Legal advice has been sought and Council will defend the claim.	100,000	250,000
Claims have been instituted against Council due to alleged outstanding payments, contractual disputes and various damage claims.	1,162,631	416,160
A claim has been instituted against Council by Transnet due to outstanding rental since 1998 when the last lease between Transnet and BCMM expired (Date of incident March 1998 and summons received by BCMM November 2007).	4,092,956	4,092,956
A claim has been instituted against Council by Dalwick Trading in respect of alleged breach of contract. The contractor presented BCMM with a letter of appointment regarding a 2010 Legacy Project but there is no record within BCMM of the contractor tendering or being awarded the contract (Date of incident August 2008 and summons received by BCMM November 2010).	1,563,415	1,563,415
A claim has been instituted against Council by M.Sithole for damages suffered as a result of his appointment as Municipal Manager being rejected by Council (Date of incident August 2009 and summons received by BCMM June 2011).	1,382,118	1,382,118
A claim has been instituted against Council by RJW Ikusasa JV due to cancellation of a contract to lay a bulk sewer pipe due to non performance (Summons received by BCMM November 2007).	9,780,185	9,780,185
A claim has been instituted against Council by N.M. Rieger & Others in respect of monies allegedly due to them in terms of an agreement with Council (Date of incident June 2000 and summons received by BCMM July 2011).	2,872,579	2,872,579
A claim has been instituted against Council by Tshiki & Sons Inc seeking a court order to compel Council to pay fees allegedly due in respect of Conveyancing work done on Council's behalf (Date of incident August 2011 and summons received by BCMM September 2011).	3,948,000	-
A claim has been instituted against Council by Tshiki & Sons Inc seeking a court order to compel Council to pay fees allegedly due in respect of Conveyancing work done on Council's behalf (Date of incident June 2010 and summons received by BCMM January 2012).	7,786,920	-
A claim has been instituted against Council by Nurcha Development & Tusk Construction for alleged breach of contract (Cession agreement signed by the Contractor New Boss CC) (Date of incident June 2011 and summons received by BCMM January 2012).	2,910,575	-
A claim has been instituted against Council by Mkwanazi Construction (Pty) Ltd claiming for damages arising from alleged delays and disruptions in the construction project. (Date of incident October 2011 and summons received by BCMM April 2012).	36,861,290	-
A claim has been instituted against Council by Faye Heuer claiming for damages against Council due to an accident allegedly caused by potholes (Date of incident February 2009 and summons received by BCMM February 2012).	2,209,820	-
A claim has been instituted against Council by Claremont Farming as the plaintiff wants BCMM to take ownership of its farm after BCMM alledgedly erected a water reservoir on the farm.	680,000	6,900,000
Contracts awarded during Dr.Zitha's tenure as acting Municipal Manager were investigated by forensic auditors. The forensic investigation has been completed and a final report has been submitted to Council. Council is to decide on the outcome of the report.	20,983,535	26,000,000
Total Contingent Liabilities in respect of Litigation Issues	**96,334,024**	**53,257,413**
Labour Issues		
Directors bonuses	2,105,653	3,784,405
Employees who could have been incorrectly placed during the placement process in 2003 and other labour disputes have resulted in possible claims.	4,815,057	2,601,085

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated
60. Contingent liabilities (continued)		
The unions have disputed the interpretation of the TASK Job Evaluation agreement and have indicated that the current salary scales being used should have increased by 8.48% with effect from 01/07/2010.	35,000,000	17,562,808
Employees who have appealed against TASK evaluation results may receive a higher TASK level and backpay if their TASK levels are upgraded through the appeal process. It is also possible that positions within the Municipality could be re-graded and employees could also in some cases be upgraded and receive backpay. 6.5% of the positions have not yet been graded and the financial implications of this are unquantifiable. The appeals arise from the evaluation of all posts in 2006.	10,000,000	5,000,000
The Senior Professional Nurses allege that their Occupational Specific Dispensation allowances have been incorrectly calculated and that they should be receiving higher amounts. The Occupational Specific Dispensation Allowances (OSDA) paid to primary health care employees will be recalculated according to information requested from Province and this will determine whether the amounts paid to employees need to be adjusted. The amount is therefore unquantifiable at this stage. (This was for the period 2010 to June 2012 paid in August 2012).	4,800,000	2,765,132
Certain former R293 employees received a lesser total package when they were transferred to the Municipality in April 2000.	5,000,000	4,000,000
Total Contingent Liabilities in respect of Labour Issues	**61,720,710**	**35,713,430**
Insurance Issues		
Claims have been instituted against Council due to alleged assault, unlawful/wrongful arrest, defamation and various personal injury claims. Legal advice has been sought and Council will defend claims where so advised.	6,582,866	6,446,142
Claims have been instituted against Council due to various damage claims.	256,854	876,739
A claim has been instituted against Council by Mercedes-Benz SA in respect of a voltage fluctuation which allegedly fell outside the time periods and parameters as agreed upon in the electricity supply agreement between BCMM and MBSA resulting in damage to body shop machinery (Date of incident September 2009 and claim received by BCMM November 2009).	4,183,882	4,183,882
A claim has been instituted against Council by M. Ntswanthlana in respect of personal injury caused by a billboard (Date of incident August 2005 and claim received by BCMM September 2006).	1,880,000	-
A claim has been instituted against Council by M. Gwentsha, K. Poni, N. Magxwalisa, T. Nzuzo and D. Sam in respect of an alleged shooting incident (Date of incident January 2009 and claim received by BCMM March 2009).	2,500,000	-
Total Contingent Liabilities in respect of Insurance issues	**15,403,602**	**11,506,763**
Other issues		
Claims have been instituted against Council due to alleged outstanding payments, contractual disputes and various damage claims.	75,147	25,000
A claim has been instituted against Council by the East London IDZ in respect of an alleged overcharge on an electricity account (Resolved).	-	1,600,000
A claim has been instituted against Council by the East London IDZ in respect of maintenance of roads around the ELIDZ pertaining to grass cutting (Resolved).	-	1,200,000
As a result of a tender award being challanged by interested parties, a recommendation was made by a facilitator that the municipality pay the appointed contractor Umso Construction for the standing time between the commencement of the project and the date the project was stopped (Resolved).	-	3,500,000
Total Contingent Liabilities in respect of Other Issues	**75,147**	**6,325,000**
Total Contingent liabilities	**173,533,483**	**106,802,606**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

61. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/(deficit) with the surplus/(deficit) in the statement of financial performance:

Net surplus/(deficit) per the statement of financial performance	123,094,646	(227,559,405)
Adjusted for:		
Deficit/(surplus) from equity accounted investments - Not budgeted for	12,087,832	20,235,199
Loss or (gain) on sale of assets - Not budgeted for	1,486,310	5,608,765
Actuarial Loss/(gain) - Not budgeted for	33,777,164	(500,202)
Fair value adjustments - Not budgeted for	-	(330,911)
Impairment reversal - Not budgeted for	1,798,575	(71,221,655)
Stock - RDP houses - Not budgeted for	10,799,401	(29,864,624)
Donated & Public PPE - Revenue - Not budgeted for	-	(9,029,317)
Government Grants PPE - Revenue - Not budgeted for	-	(223,635,089)
Offset depreciation - Budgeted for but no actual	310,740,544	318,833,827
Employee related costs - variance between budget and actual	(27,184,669)	20,366,957
Depreciation and amortisation - variance between budget and actual	39,761,107	32,744,974
Debt impairment - variance between budget and actual	(107,243,262)	141,316,593
Repairs and maintenance - variance between budget and actual	(31,451,429)	(21,230,543)
Bulk purchases - variance between budget and actual	(12,731,370)	8,713,420
General expenses - variance between budget and actual	(181,601,802)	(112,747,375)
Interest received on investments - Revenue - variance between budget and actual	(30,381,150)	(10,798,050)
Fines - Revenue - variance between budget and actual	5,201,088	2,384,762
Government grants and subsidies - Revenue - variance between budget and actual	(31,741,938)	34,755,233
Donated & Public PPE - Revenue - variance between budget and actual	1,506,443	-
Government Grants PPE - Revenue - variance between budget and actual	382,781,202	-
Government Grants operating and housing projects - Revenue - variance between budget and actual	74,496,406	76,664,720
Other variances between budget and actual	30,637,402	45,396,011
Net surplus per approved budget	**605,832,500**	**103,290**
Underspending		
Operating expenditure	1,295,030,117	808,398,557
Capital expenditure	494,322,104	81,002,261
	1,789,352,221	**889,400,818**

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated
62. Cash flows from operating activities			
Receipts: Sale of goods and services			
Total revenue as per Statement of Financial Performance		3,591,136,546	3,038,798,450
Less: Interest received	36	(82,608,879)	(53,729,383)
Less: Public contributions and donations	27	(1,329,257)	(1,192,709)
Less: Government grants and subsidies received	27	(905,903,245)	(901,582,926)
Less: Public contributions- PPE	27	(1,283,135)	(9,029,317)
Gain/(Loss) on sale of assets	14	1,486,310	5,608,765
Decrease in revenue from non-exchange transactions	7	(62,258,787)	28,415,788
Fair value adjustment on revalued Sanlam shares	37	-	(330,911)
Increase in receivables from exchange transactions	6	(159,620,632)	(147,501,789)
Decrease in VAT receivables	8	3,330,159	12,359,418
Increase in operating leases	9	(1,582,011)	(3,588,506)
Net revenue from sale of goods and services as per the cash flow statement		**2,381,367,069**	**1,968,226,880**
Payments: Suppliers			
Total expenditure per the Statement of Financial Performance		(3,455,954,068)	(3,246,122,656)
Employee costs	33&34	995,622,469	883,944,949
Interest paid	39	70,491,430	58,641,142
Depreciation and amortisation	38	513,009,118	508,766,188
Reversal of impairments	14	1,798,575	(71,221,655)
Debt impairment	35	58,206,738	210,998,044
Non-cash property, plant and equipment transfers	12&14	-	(21,958,294)
Increase in post retirement medical aid benefit obligation	23	60,662,209	19,431,932
Increase in provisions relating to landfill sites	20	27,088,842	13,368,819
Adjustment of prior year transactions	48	-	4,456,044
Revaluation of property plant and equipment	14	67,929	4,763,998
Increase in payables from exchange transaction	44	80,203,858	36,150,512
Non-cash asset additions	14	(27,906,561)	(12,988,661)
Increase in inventory	44	20,303,946	(40,629,113)
Net payments to suppliers as per cash flow statement		**(1,656,405,515)**	**(1,652,398,751)**
Government grants, subsidies and public contributions and donations			
Government grants & subsidies	30	905,903,246	901,582,926
Public contributions and donations	27	1,329,257	1,192,709
Public contributions PPE	27	1,283,135	9,029,317
Total as per cash flow statement		**908,515,638**	**911,804,952**
63. Surplus / (Deficit) for the year			
Reconciliation of actual operating results to net income/ (deficit)			
Net income/ (deficit) for the period		123,094,650	(227,559,405)
Offset depreciation		473,029,283	494,060,213
Items not provided for in the operating budget		(13,574,142)	(25,513,053)
Actual operating results		**582,549,791**	**240,987,755**
Items not provided for in the operating budget			
(Loss) / gain on disposal of assets and liabilities		(1,486,310)	(5,608,765)
Fair value adjustment on Sanlam shares revalued		-	330,911
Income from equity accounted investments		(12,087,832)	(20,235,199)
Other income and expenditure not bugeted for		**(13,574,142)**	**(25,513,053)**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

63. Surplus / (Deficit) for the year (continued)

When items of property, plant and equipment are financed from government grants these grants are recorded as revenue in the Statement of Financial Performance. (Revenue from non- exchange transctions). Depreciation expenses that will occur over the useful lives of Government funded items of property, plant and equipment will be offset by the accumulated revenue portion of the items of property, plant and equipment within accumulated surplus.

Other income and expenditure as set out in the table above, are those items falling outside the scope of the operational revenue and expenditure but affects the surplus/(deficit) for the year.

64. Repairs and maintenance

Repairs and maintenance summary		
Repairs and maintenance - Buildings	12,445,133	12,929,741
Repairs and maintenence - Vehicles	11,011,960	9,507,019
Repairs and maintenance - Equipment	6,204,702	6,778,452
Repairs and maintenance - Minor improvements	2,700,551	2,331,492
Repairs and maintenance - Office machines	4,069,482	3,562,205
Repairs and maintenance - Roads	22,048,981	32,335,826
Repairs and maintenance - Furniture	121,624	137,572
Repairs and maintenance - Electricity	12,691,835	12,869,896
Repairs and maintenance - Deffered maintenance	55,779,001	31,517,272
Repairs and maintenance - Sewerage	8,242,751	7,837,270
Repairs and maintenance - Water network	19,314,642	11,828,854
Repairs and maintenance - Mechanical repairs	1,656,041	1,669,585
Repairs and maintenance - Stormwater	5,064,405	6,012,173
Repairs and maintenance - Radio equipment	162,762	140,019
Repairs and maintenance - Maintenance contracts	43,249,967	47,490,482
Repairs and maintenance - Grounds	667,907	854,880
Repairs and maintenance - General	954,443	671,123
Repairs and maintenance - Extinguishers	127,658	157,486
Repairs and maintenance - Health and Public safety	1,051,305	1,343,622
Repairs and maintenance - Community services	3,018,962	3,361,072
	210,584,112	**193,336,041**

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Annual Financial Statements
FOR THE YEAR ENDED 30 JUNE 2012

I am responsible for the preparation of these Annual Financial Statements which are set out herewith, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Metropolitan economic entity.

I certify that the salaries, allowances and benefits of Councillors are disclosed within these Annual Financial Statements and are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister for Corporate Governance and Traditional Affairs determination in accordance with this act except where identified as irregular expenditure in the Annual Financial Statements.

Mr. A. Fani
City Manager

21/11/2012
Date

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Local Government
Accounting Officer	Mr. A. Fani
Acting Chief Financial Officer	Ms. P. Adonis
Jurisdiction	The demarcation board has determined that Buffalo City Metropolitan Economic Entity (EC 125) includes the towns of East London, Bisho, King Williams Town as well as the townships of Mdantsane and Zwelitsha with the corridor of rural areas.
Business address	Trust Centre Oxford Street East London 5201
Postal address	PO Box 134 East London 5200
Bankers	Standard Bank
Auditors	Auditor General

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The statements and notes set out below comprise the annual financial statements:

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Statement of Financial Position

Figures in Rand	Note(s)	2012	2011 Restated
Assets			
Current Assets			
Cash and cash equivalents	4	1,522,347,706	741,246,762
Inventories	5	117,116,161	137,420,107
Receivables from exchange transactions	6	312,473,204	211,059,310
Receivables from non-exchange transactions	7	153,606,850	91,348,064
VAT receivable	8	34,129,583	37,459,742
Current portion of operating leases	9	2,546,106	1,582,012
Current portion of long-term receivables	10	13,098	11,880
		2,142,232,708	**1,220,127,877**
Non-Current Assets			
Long-term receivables	10	57,353	70,451
Intangible assets	11	12,111,592	13,361,599
Investment property	12	219,463,251	220,776,439
Heritage assets	13	3,853,336	3,420,757
Property, plant and equipment	14	11,327,107,217	11,557,876,309
Non-current investments	15	856,601	819,965
Investment in associate	16	260	12,088,092
Deferred tax	65	275	275
Non-current portion of operating leases	9	59,027,596	58,409,679
		11,622,477,481	**11,866,823,566**
Total Assets		**13,764,710,189**	**13,086,951,443**
Liabilities			
Current Liabilities			
Borrowings	17	41,533,557	45,000,220
Consumer deposits	18	36,919,893	33,454,333
Finance lease obligation	19	463,541	760,066
Provisions	20	124,884,616	116,829,324
Payables from exchange transactions	21	449,850,089	369,554,968
Unspent conditional grants and receipts	22	787,665,935	346,141,548
Current tax payable	67	493,078	247,175
VAT payable	56	171,070	1,120,873
Bank overdraft (iro of market cash book - Bank balance = R1 230 770)	4	1,064,181	1,034,384
		1,443,045,960	**914,142,891**
Non-Current Liabilities			
Borrowings	17	604,256,175	645,786,508
Finance lease obligation	19	990,241	716,951
Provisions	20	68,089,174	49,055,625
Post-retirement medical obligation	23	341,426,029	280,763,820
Refundable deposits		102,500	102,500
		1,014,864,119	**976,425,404**
Total Liabilities		**2,457,910,079**	**1,890,568,295**
Net Assets		**11,306,800,110**	**11,196,383,148**
Net Assets			
Reserves			
Revaluation reserve	24	15,474,689	16,047,826
Accumulated surpluses		11,291,325,421	11,180,335,322
Total Net Assets		**11,306,800,110**	**11,196,383,148**

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011 Restated
Revenue			
Public contributions and donations - operating projects	27	1,329,257	1,192,709
Public contributions and donations - PPE	27	1,283,135	9,029,317
Licences and permits	27	15,707,756	15,052,975
Fines	27	5,455,740	7,320,910
Fuel Levy	27	170,477,000	-
Rental of facilities and equipment	27	13,387,803	14,107,440
Property rates	28	522,514,480	453,306,422
Service charges	29	1,754,709,786	1,463,099,072
Government grants & subsidies	30	905,903,245	901,582,926
Other revenue	31	118,100,893	120,366,164
Interest received on investments	36	82,656,471	53,775,551
Total Revenue		**3,591,525,566**	**3,038,833,486**
Expenditure			
Employee related costs	33	(952,656,803)	(861,417,819)
Remuneration of councillors	34	(42,965,666)	(23,277,825)
Depreciation and amortisation	38	(513,024,034)	(508,798,632)
Impairments	14	(1,798,575)	71,221,655
Finance costs	39	(70,498,923)	(58,655,860)
Debt impairment	35	(58,206,738)	(210,998,044)
Repairs and maintenance	64	(210,584,112)	(193,336,391)
Bulk purchases	43	(915,387,167)	(771,252,980)
Contracted services	41	(6,839,654)	(5,907,804)
Grants and subsidies paid	42	(13,740,886)	(19,909,665)
Medical aid obligation net cost	23	(74,121,339)	(32,164,816)
General Expenses	32	(594,148,300)	(626,300,346)
Fair value adjustment on Sanlam shares revalued	37	-	330,911
Loss on the sale of PPE	14	(1,486,310)	(5,608,765)
Total Expenditure		**(3,455,458,511)**	**(3,246,076,386)**
Share of deficit of associate accounted for under the equity method	16	(12,087,832)	(20,235,199)
Taxation	66	(248,885)	(62,023)
Surplus / (deficit) for the year	**63**	**123,730,338**	**(227,540,122)**

Statement of Changes in Net Assets

Figures in Rand

	Notes	Revaluation reserve	Accumulated surpluses	Total Net Assets
Opening balance as previously reported		16,620,963	11,187,980,650	11,204,601,613
Adjustments:				
Prior year adjustments	48	-	(645,684,653)	(645,684,653)
Balance at 01 July 2010 as restated		**16,620,963**	**10,542,295,997**	**10,558,916,960**
Changes in net assets:				
(Deficit) for the year	48	-	(227,540,122)	(227,540,122)
Take on of PPE at deemed cost	14	-	4,428,910	4,428,910
Depreciation transfer to income	24	(573,137)	573,137	-
Depreciation adjustment due to review of assets	48	-	866,217,372	866,217,372
Fair value reversal adjustment in terms of GRAP 104	48	-	(862,916)	(862,916)
Depreciation adjustment iro bridges and stormwater assets	48	-	(4,777,052)	(4,777,052)
Balance at 01 July 2011 as restated	48	**16,047,826**	**11,180,335,322**	**11,196,383,148**
Changes in net assets:				
Take on of PPE at deemed cost	14	-	67,930	67,930
Depreciation transfer to income	24	(573,137)	573,137	-
Adjustments to the Municipal Property Asset Register - Investment properties	12	-	(1,313,188)	(1,313,188)
Adjustments to the Municipal Property Asset Register - Properties	14	-	(12,068,119)	(12,068,119)
Surplus for the year	63	-	123,730,338	123,730,338
Balance at 30 June 2012		**15,474,689**	**11,291,325,421**	**11,306,800,110**
Note(s)		24		

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011 Restated
Cash flows from operating activities			
Receipts			
Sale of goods and services	62	2,380,758,693	1,968,302,308
Government grants, subsidies and public contributions and donations	62	908,515,638	911,804,952
Interest received	36	82,656,471	53,775,551
		3,371,930,802	2,933,882,811
Payments			
Employee costs	33&34	(995,622,471)	(884,695,644)
Suppliers	62	(1,655,799,265)	(1,651,679,591)
Interest paid	39	(70,498,923)	(58,655,860)
		(2,721,920,659)	(2,595,031,095)
Net cash flows from operating activities	44	**650,010,145**	**338,851,716**
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(267,119,856)	(394,095,638)
Proceeds from sale of property, plant and equipment	14	1,895,651	1,275,865
Purchase of other intangible assets	11	(3,227,171)	(5,014,457)
Purchases/Write on/Donated heritage assets	13	(432,579)	-
Net movement in financial assets	10	11,880	341,686
Movement in non-current investments	15	(36,639)	3,590,981
Net cash flows from investing activities		**(268,908,714)**	**(393,901,563)**
Cash flows from financing activities			
Repayment of borrowings	17	(44,996,996)	154,075,603
Finance lease payments	19	(23,235)	(218,930)
Increase in unspent conditional grants	22	441,524,387	78,855,236
Increase in consumer deposits	18	3,465,560	3,079,227
Net cash flows from financing activities		**399,969,716**	**235,791,136**
Net increase in cash and cash equivalents		**781,071,147**	**180,741,289**
Cash and cash equivalents at the beginning of the year		740,212,378	559,471,089
Cash and cash equivalents at the end of the year	4	**1,521,283,525**	**740,212,378**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgments is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The Metropolitan economic entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the notes to the financial statements per inventory note 5.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Metropolitan economic entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Metropolitan economic entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The Metropolitan economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors i.e. production estimates, supply demand, together with economic factors such as exchange rates, inflation, interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of waste and water network and other assets

The Metropolitan economic entity's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Accounting Policies

1.1 Transfer of functions between entities under common control (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The Metropolitan economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the medical aid obligation in determining the appropriate discount rate, the Metropolitan economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related medical aid obligation liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 23.

Effective interest rate

The Metropolitan economic entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

Impairment loss is recognised in surplus and deficit when there is objective evidence that debtors are impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Metropolitan economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.2 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Metropolitan economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Accounting Policies

1.3 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value except for furniture and fittings, which are depreciated using the diminishing balance method at 10% per annum.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life (years)
Land - landfill sites	50
Buildings	30
Plant and machinery	3 to 30
Motor vehicles	4 to 15
Office equipment	3 to 5
Electricity	10 to 60
Community	
▸ Buildings	30
▸ Recreation	20 to 30
Other properties	5 to 50
Leased Assets	5
Roads	5 to 100
Wastewater network	5 to 80
Water network	5 to 150
Heritage	Indefinite

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Accounting Policies

1.3 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Site restoration and dismantling cost

The Metropolitan economic entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation which a Metropolitan economic entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to, changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the Metropolitan economic entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit;
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets. If a revaluation is necessary, all assets of that class are revalued.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the Metropolitan economic entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Metropolitan economic entity; and
- the cost or fair value of the asset can be measured reliably.

Accounting Policies

1.5 Intangible assets (continued)

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to nil.

Item	Useful life
Computer software, other	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.6 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the annual financial statements.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Accounting Policies

1.7 Investment in associate

An associate is an entity over which the Metropolitan economic entity is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investment.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

The carrying value of the investment in associates is adjusted for the Metropolitan economic entity's share of operating surpluses/ (deficits) less any dividends received.

Where the Metropolitan economic entity or its entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Metropolitan economic entity's or its municipal entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the Metropolitan economic entity is no longer able to exercise significant influence over the associate, the equity method of accounting is discontinued.

The Metropolitan economic entity uses the most recent available financial statements of the associate in applying the equity method. When the reporting dates are different, the Metropolitan economic entity makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the Metropolitan economic entity.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;

Accounting Policies

1.8 Financial instruments (continued)

- a residual interest of another entity; or
- a contractual right to:
  - >receive cash or another financial asset from another entity; or
  - >exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are combined instruments that are designated at fair value and/or instruments held for trading.

A financial instrument is held for trading if:

> it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or

> on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; and

> financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.8 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position and in note 25 :

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables from non-exchange transactions	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost
Long term receivables	Financial asset measured at amortised cost
Non current investment (shares)	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in note 26 :

Class	Category
Borrowings	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- a combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

Accounting Policies

1.8 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.9 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease or the incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate reduction on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Accounting Policies

1.11 Inventories (continued)

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the Metropolitan economic entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the Metropolitan economic entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the Metropolitan economic entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the Metropolitan economic entity; or
- the number of production or similar units expected to be obtained from the asset by the Metropolitan economic entity.

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The Metropolitan economic entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Metropolitan economic entity estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the Metropolitan economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the Metropolitan economic entity applies the appropriate discount rate to those future cash flows.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Metropolitan economic entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the Metropolitan economic entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the Metropolitan economic entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the Metropolitan economic entity; or

Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

- the number of production or similar units expected to be obtained from the asset by the Metropolitan economic entity.

At each reporting date a review is carried out to determine whether there are any indications that any assets and cash generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable amount of an asset or cash-generating unit is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost, and recognised in the the revaluation reserve in respect of assets at revalued amounts.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The Metropolitan economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the Metropolitan economic entity estimates the recoverable service amount of the asset.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the Metropolitan economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The Metropolitan economic entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Metropolitan economic entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits.

A constructive obligation is an obligation that derives from a entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement whereby the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Accounting Policies

1.14 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Metropolitan economic entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The Metropolitan economic entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Metropolitan economic entity recognises the expected cost of bonus, incentive and performance related payments when the Metropolitan economic entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a Metropolitan economic entity provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a Metropolitan economic entity pays fixed contributions into a separate Metropolitan economic entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the Metropolitan economic entity during a reporting period, the Metropolitan economic entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, a Metropolitan economic entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise of expense adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the Metropolitan economic entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting Metropolitan economic entity) that are held by a Metropolitan economic entity (a fund) that is legally separate from the reporting Metropolitan economic entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting Metropolitan economic entity's own creditors (even in liquidation), and cannot be returned to the reporting Metropolitan economic entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting Metropolitan economic entity; or
- the assets are returned to the reporting Metropolitan economic entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the Metropolitan economic entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The Metropolitan economic entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the Metropolitan economic entity's informal practices. Informal practices give rise to a constructive obligation where the Metropolitan economic entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the Metropolitan economic entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The Metropolitan economic entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

Accounting Policies

1.14 Employee benefits (continued)

The Metropolitan economic entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The Metropolitan economic entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The Metropolitan economic entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a Metropolitan economic entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); or until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The Metropolitan economic entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the Metropolitan economic entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The Metropolitan economic entity offsets an asset relating to one plan against a liability relating to another plan when the Metropolitan economic entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Accounting Policies

1.14 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.15 Provisions and contingencies

Provisions are recognised when:

- the Metropolitan economic entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Metropolitan economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Accounting Policies

1.15 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the Metropolitan economic entity

No obligation arises as a consequence of the sale or transfer of an operation until the Metropolitan economic entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the Metropolitan economic entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Metropolitan economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the Metropolitan economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Metropolitan economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.16 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Metropolitan economic entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Metropolitan economic entity, and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the Metropolitan economic entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a Metropolitan economic entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the Metropolitan economic entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a Metropolitan economic entity either receives value from another Metropolitan economic entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting Metropolitan economic entity.

Taxes such as property rates are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Metropolitan economic entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Metropolitan economic entity.

When, as a result of a non-exchange transaction, the Metropolitan economic entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

The Metropolitan economic entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The Metropolitan economic entity recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability.

Revenue arising from debt forgiveness is measured at the fair value of the debt forgiven. Where debt is carried at a value other than fair value, the receivable is recognised at the carrying amount.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the Metropolitan economic entity.

Where the Metropolitan economic entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Metropolitan economic entity, and the fair value of the assets can be measured reliably.

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Metropolitan economic entity and the fair value of the assets can be measured reliably.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the Metropolitan economic entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.12 and 1.13. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the Metropolitan economic entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Accounting Policies

1.22 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Metropolitan economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Metropolitan economic entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.25 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.26 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.27 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Accounting Policies

1.28 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Metropolitan economic entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.29 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the Metropolitan economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

1.30 Value added tax (VAT)

The Metropolitan economic entity accounts for value added tax on the payment basis. Revenue, expenses and assets are recognised net of the amount of VAT. The net amount of VAT recoverable from or payable to, the taxation authority is disclosed on the face of the statement of financial position. Refer to note 8.

1.31 Commitments

Items are classified as commitments when the Metropolitan economic entity has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of each financial period the Metropolitan economic entity determines commitments in respect of capital expenditure that has been approved and contracted for which is then disclosed as a note in the annual financial statements differentiating between community, infrastructure and other capital expenditure commitments. Refer to note 45.

Notes to the Annual Financial Statements

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the following policy application as per Directive 5 as issued by the Accounting Standard Board.

- Formulated a policy within Accounting Policies of the AFS for Related Parties based on GRAP 20.

Financial instruments

In the current year, the policy formulated within Accounting Policies for GRAP 104 - Financial Instruments were changed to accommodate the interpretation of paragraph 87 as the most appropriate standard for the calculation of the present value of short-term receivables and payables.This was a change in accounting policy from the previous financial years.

These adjustments were effected retrospectively.

Notes to the Annual Financial Statements

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the Metropolitan economic entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
▸ IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities	01 April 2011	No material impact
▸ IGRAP 3: Determining Whether an Arrangement Contains a Lease	01 April 2011	No material impact
▸ IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	01 April 2011	No material impact
▸ IGRAP 5: Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies	01 April 2011	No material impact
▸ IGRAP 6: Loyalty Programmes	01 April 2011	No material impact
▸ IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions	01 April 2011	No material impact
▸ IGRAP 9: Distributions of Non-cash Assets to Owners	01 April 2011	No material impact
▸ IGRAP 10: Assets Received from Customers	01 April 2011	No material impact
▸ IGRAP 13: Operating Leases – Incentives	01 April 2011	No material impact
▸ IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease	01 April 2011	No material impact
▸ IGRAP 15: Revenue – Barter Transactions Involving Advertising Services	01 April 2011	No material impact

3.2 Standards and interpretations issued, but not yet effective

The Metropolitan economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the Metropolitan economic entity's accounting periods beginning on or after 01 July 2012 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
▸ GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	No material impact
▸ GRAP 25: Employee benefits	No effective date has yet been determined by the Minister of Finance	To be determined
▸ GRAP 104: Financial Instruments	01 April 2012	No material impact

3.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Metropolitan economic entity's accounting periods beginning on or after 01 July 2012 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
▸ GRAP 18: Segment Reporting	No effective date has yet been determined by the Minister of Finance	Unknown
▸ GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	Financial system changes
▸ GRAP 103: Heritage Assets	01 April 2012	No material impact
▸ GRAP 21: Impairment of non-cash-generating assets	01 April 2012	No material impact
▸ GRAP 26: Impairment of cash-generating assets	01 April 2012	No material impact

Notes to the Annual Financial Statements

3. **New standards and interpretations (continued)**

▸ IGRAP 7: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01 April 2013	No material impact
▸ GRAP 105: Transfers of functions between entities under common control	No effective date has yet been determined by the Minister of Finance	Unlikely to have an impact
▸ GRAP 106: Transfers of functions between entities not under common control	No effective date has yet been determined by the Minister of Finance	Unlikely to have an impact
▸ GRAP 107: Mergers	No effective date has yet been determined by the Minister of Finance	Unlikely to have an impact
▸ GRAP 20: Related parties	No effective date has yet been determined by the Minister of Finance	No material impact

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand		1,666,515	1,415,962
Bank balances		56,469,953	43,883,736
Short-term deposits		1,464,211,075	695,946,782
Other cash and cash equivalents		163	282
Bank overdraft		(1,064,181)	(1,034,384)
		1,521,283,525	**740,212,378**
Current assets		1,522,347,706	741,246,762
Current liabilities		(1,064,181)	(1,034,384)
		1,521,283,525	**740,212,378**
Allocation of external investments (short-term deposits)			
Unspent conditional grants		787,665,935	346,141,548
Housing collateral for employees housing loans with lending institutions		271,950	502,766
Borrowing current repayments		24,224,397	1,948,536
Cash flow committed to operating and capital projects		111,897,042	42,876,769
BCMET		1,798,913	2,011,123
Own funding (operating account commitments)		538,352,838	302,466,040
Total short-term deposits		**1,464,211,075**	**695,946,782**
Prior period errors	48		
Bank balances previously reported		-	43,876,431
BCMET adjusted		-	7,305
Restated		-	**43,883,736**
Prior period errors	48		
Short-term deposits previously reported		-	693,935,659
BCMET adjusted		-	2,011,123
Restated		-	**695,946,782**
Short-term deposits per institution			
Absa (interest rate range 5% - 5.86% : 2011 5% - 6%)		374,200,819	173,533,317
Nedbank (interest rate range 5% : 2011 5% - 6%)		362,621,306	150,319,944
RMB (interest rate range 5% - 5.80% : 2011 5% - 6%)		362,957,317	191,174,132
Standard (interest rate range 5% - 5.88% : 2011 5% - 6%)		177,642,582	48,611,932
Stanlib (interest rate range 5.56% - 5.67% : 2011 5.6% - 7%)		186,789,051	132,307,457
		1,464,211,075	**695,946,782**

Own funding includes the insurance and Compensation for Occupational Injuries and Diseases (COID) purposes.

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

A cession by the Metropolitan economic entity in respect of the Department of Labour for COID amounts to R6 997 418 (2011: R5 704 014).

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

4. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

The metropolitan economic entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
Standard Bank - Primary Account - 081-221-495	117,205,269	105,075,417	124,060,031	48,486,521	35,563,034	51,217,667
Standard Bank - Market Account - 081-246-072	1,230,770	1,875,348	1,270,839	(1,064,181)	(1,034,384)	(1,268,510)
Standard Bank - Inter Authority Account - 081-246-250	1,476,139	1,477,381	1,477,695	1,476,138	1,477,381	1,477,695
Standard Bank - Prism Account - 081-246-048	-	-	-	5,105,086	5,583,785	3,042,357
Standard Bank - BCMET - 081-098-359	111,882	7,304	1,836,020	111,882	7,304	-
First National Bank - Operating Account - 620-987-17899	159,540	164,834	133,967	159,540	164,834	133,967
First National Bank - Money Market Account - 620-987-19358	1,130,642	1,087,253	1,042,716	1,130,642	1,087,253	1,042,716
Corporate Credit Card - 881-271-290-380-1000	163	282	562	163	282	562
Credit Card	144	144	-	144	144	-
Total	**121,314,549**	**109,687,963**	**129,821,830**	**55,405,935**	**42,849,633**	**55,646,454**

Total cash book balance as at 30 June 2012 = R55 405 935 Add Back bank overdraft of R1 064 181 = R56 470 116.

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated
5. Inventories			
Electricity store (Electrical maintenance parts)		14,067,505	13,359,942
Workshop store (Mechanical maintenance parts)		366,322	273,535
General stores (Chiselhurst,Mdantsane,KWT)		31,634,062	42,476,991
Water store (Water maintenance parts)		25,403,125	25,607,572
Fuel (Diesel, Petrol)		1,651,100	1,665,217
Unsold water (Treated water in pipelines & reservoirs)		2,297,627	2,248,008
Housing stock (RDP Houses)		41,823,101	52,622,502
		117,242,842	138,253,767
Inventories (write-downs)		(126,681)	(833,660)
		117,116,161	**137,420,107**

Carrying value of stock is disclosed at the lower of cost and net realisable value.

Certain houses constructed pre 1994 under the old Ciskei Metropolitan economic entity have not been legally transferred to the beneficiaries occupying the houses. These properties are not categorised as RDP inventory because the properties are occupied by rightful beneficiaries.The Metropolitan economic entity has taken the initiative to collect all information and data to enable the transfer of these properties.

Prior period errors	48		
Housing stock previously reported		-	57,616,450
Adjusted		-	(4,993,948)
Restated		-	**52,622,502**

Inventory pledged as security

No inventory was pledged as security.

6. Receivables from exchange transactions

Gross balances		
Electricity	164,575,388	139,270,922
Water	233,338,178	203,331,289
Sewerage	116,942,793	101,965,944
Refuse	139,417,302	117,764,259
Housing rental	2,126,090	1,787,303
	656,399,751	**564,119,717**
Less: Allowance for debt impairment		
Electricity	(31,203,958)	(29,497,133)
Water	(139,785,764)	(150,192,769)
Sewerage	(76,331,740)	(76,836,655)
Refuse	(95,065,173)	(95,046,910)
Housing rental	(1,539,912)	(1,486,940)
	(343,926,547)	**(353,060,407)**
Net balance		
Electricity	133,371,430	109,773,789
Water	93,552,414	53,138,520
Sewerage	40,611,053	25,129,289
Refuse	44,352,129	22,717,349
Housing rental	586,178	300,363
	312,473,204	**211,059,310**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated
6. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	119,976,018	106,168,253
31 - 60 days	6,546,082	5,759,741
61 - 90 days	3,282,855	2,888,653
91 - 120 days	3,028,520	2,727,449
121 - 365 days	14,316,844	7,827,991
> 365 days	17,425,069	13,898,835
	164,575,388	**139,270,922**
Water		
Current (0 -30 days)	43,303,486	34,163,595
31 - 60 days	14,223,543	10,367,866
61 - 90 days	12,229,566	8,813,104
91 - 120 days	8,020,442	7,049,696
121 - 365 days	45,149,001	41,917,612
> 365 days	110,412,140	101,019,416
	233,338,178	**203,331,289**
Sewerage		
Current (0 -30 days)	15,639,625	16,151,628
31 - 60 days	7,041,355	5,763,142
61 - 90 days	6,554,367	4,469,396
91 - 120 days	4,038,096	3,249,900
121 - 365 days	21,985,759	17,825,006
> 365 days	61,683,591	54,506,872
	116,942,793	**101,965,944**
Refuse		
Current (0 -30 days)	13,252,182	11,417,703
31 - 60 days	7,373,244	5,890,441
61 - 90 days	7,029,977	4,469,824
91 - 120 days	4,735,207	3,276,519
121 - 365 days	25,137,766	19,235,621
> 365 days	81,888,926	73,474,151
	139,417,302	**117,764,259**
Housing rental		
Current (0 -30 days)	82,406	82,873
31 - 60 days	81,462	46,223
61 - 90 days	89,523	50,253
91 - 120 days	61,849	37,665
121 - 365 days	400,988	245,780
> 365 days	1,409,862	1,324,509
	2,126,090	**1,787,303**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

6. Receivables from exchange transactions (continued)

Summary of debtors by customer classification:
(This refers to the total debtor classification including exchange and non- exchange transactions as per the billing system i.e. this includes rates and other billing receivables)

Debtors (including rates & other receivables (billing))		
Current (0 -30 days)	115,536,686	110,526,721
31 - 60 days	38,592,466	29,573,810
61 - 90 days	35,646,055	24,453,756
91 - 120 days	23,360,860	18,757,969
121 - 365 days	137,345,258	114,899,732
> 365 days	381,306,256	348,593,145
	731,787,581	646,805,133
Less: Allowance for debt impairment	(474,617,731)	(483,709,444)
	257,169,850	**163,095,689**
Industrial/ commercial (including rates and other receivables (billing))		
Current (0 -30 days)	114,915,186	103,808,701
31 - 60 days	11,131,834	8,561,426
61 - 90 days	6,206,593	4,652,230
91 - 120 days	4,931,523	4,044,789
121 - 365 days	25,840,401	13,934,019
> 365 days	40,547,113	23,539,068
	203,572,650	158,540,233
Less: Allowance for debt impairment	(54,278,387)	(48,219,977)
	149,294,263	**110,320,256**
National and provincial government (including rates and other receivables (billing))		
Current (0 -30 days)	12,511,991	11,939,521
31 - 60 days	1,089,261	2,289,947
61 - 90 days	193,753	771,919
91 - 120 days	601,906	661,589
121 - 365 days	1,621,884	1,693,047
> 365 days	1,212,030	556,168
	17,230,825	**17,912,191**
Debtors (including rates & other receivables (billing))		
Current (0 -30 days)	242,963,863	226,274,943
31 - 60 days	50,813,561	40,425,183
61 - 90 days	42,046,401	29,877,905
91 - 120 days	28,894,289	23,464,347
121 - 365 days	164,807,543	130,526,798
> 365 days	423,065,399	372,688,382
	952,591,056	823,257,558
Less: Allowance for debt impairment	(528,896,119)	(531,929,422)
	423,694,937	**291,328,136**

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated
6. Receivables from exchange transactions (continued)			
Ageing of allowance for debt impairment (including rates & other receivables (billing))			
Current (0 -30 days)		(252,809)	-
31 - 60 days		(37,854,030)	(35,266,816)
61 - 90 days		(31,322,854)	(26,065,400)
91 - 120 days		(21,525,067)	(20,470,231)
121 - 365 days		(122,774,896)	(113,871,214)
> 365 days		(315,166,463)	(336,255,760)
		(528,896,119)	**(531,929,421)**
Prior year error			
Balance previously stated		-	219,625,088
Adjusted interest on arrears debtors	48	-	(8,565,778)
Restated		-	**211,059,310**

Consumer debtors pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any of the accounts receivable.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Although credit quality can be assessed the Metropolitan economic entity did not apply any methods to evaluate the credit quality.

Consumer debtors impaired

As at 30 June 2012, consumer debtors of R 343,926,547 (2011: R 353,060,407) were impaired and provided for.

Amounts totalling R 50,331,640 (2011: R 22,705,198) were written off as uncollectable against the debt impairment allowance account. This represents 0.014 % (2011: 0.007 %) of the total operating income for the year.

Reconciliation of allowance for impairment of consumer debtors

Opening balance	(353,060,407)	(226,489,673)
Contribution during the year	(41,197,781)	(149,255,431)
Amounts written off as uncollectable	50,331,640	22,705,198
Other	-	(20,501)
	(343,926,548)	**(353,060,407)**

The creation and release of provisions for impaired receivables have been included in operating expenses in the statement of financial performance (note 35). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Refer to note 7 regarding impairment of non-exchange transactions

Change in estimate - Debt impairment provision:

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated

6. Receivables from exchange transactions (continued)

Management has reassessed the methodology utilized in performing the debt impairment provision. The debt impairment policy has not been amended. Through the analysis of the institution's customer population comprising the amounts owing to the institution and payment trends associated with individual customers, a determination could be made as to the likelihood of payment occurring from each individual customer. This approach was used to determine an estimate of the debt impairment amount which totalled R 528 896 119. It is impracticable to determine the amount of the change in estimate on future periods and as such no disclosure is made in this regard.

7. Receivables from non-exchange transactions

Property rates		196,165,077	160,555,218
Other receivables (billing)		100,026,228	98,582,625
Prepaid expenses		-	714,038
Accrued income		37,230,007	5,967,552
Other debtors		5,155,110	4,397,646
Impairment property rates		(184,969,572)	(178,869,015)
		153,606,850	**91,348,064**
Property rates age analysis			
Current (0-30days)		38,550,126	35,854,916
31-60 days		11,733,179	9,601,229
61-90 days		9,814,389	6,910,197
91-120 days		6,708,721	5,332,890
121-365 days		39,993,394	29,901,827
> 365 days		89,365,268	72,954,159
		196,165,077	**160,555,218**
Other receivables (billing)			
Current (0-30days)		12,160,024	22,435,978
31-60 days		3,814,694	2,996,542
61-90 days		3,045,724	2,276,478
91-120 days		2,301,454	1,790,227
121-365 days		17,823,791	13,572,961
> 365 days		60,880,541	55,510,439
		100,026,228	**98,582,625**
Prior period errors - Billing	48		
Other receivables (billing) previously reported		-	99,574,143
Adjusted for interest overstated		-	(991,518)
Restated		**-**	**98,582,625**
Prior period errors - Property rates	48		
Previously reported		-	163,748,374
Adjusted for interest overstated		-	(3,193,156)
		-	**160,555,218**

Trade and other receivables pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any accounts receivable.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated

7. Receivables from non-exchange transactions (continued)

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings.

Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

Trade receivables

None of the financial assets that are fully performing have been re-negotiated in the last year.

Trade and other receivables impaired

As at 30 June 2012, trade and other receivables from non-exchange transactions of R 184,969,572 (2011: R 178,869,015) were impaired and provided for.

Amounts totalling R10,932,684 (2011: R3,657,943) were written off as uncollectable against the debt impairment allowance account.This represents 0.003 % (2011: 0.001 %) of the total operating income for the year.

Reconciliation of allowance for impairment of non-exchange transactions

Opening balance	(178,869,015)	(120,784,346)
Allowance for impairment	(17,033,241)	(61,742,612)
Amounts written off as uncollectable	10,932,684	3,657,943
	(184,969,572)	**(178,869,015)**

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 35). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

8. VAT receivable

VAT		34,129,583	37,459,742
Prior year error: Ernest and Young adjustment			
Balance previously reported		-	38,699,745
Adjustment	48	-	(1,240,003)
Restated		-	**37,459,742**

VAT is payable on the receipt basis. VAT is only declared to SARS on receipt of payment from consumers.

9. Operating leases averaged over total period

Non-current assets	59,027,596	58,409,679
Current assets	2,546,106	1,582,012
	61,573,702	**59,991,691**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

9. Operating leases averaged over total period (continued)

Operating lease rentals	61,573,702	59,991,691
Operating lease rentals		
Current assets	2,546,106	1,582,012
Non-current assets	59,027,596	58,409,679
	61,573,702	**59,991,691**
Municipality as lessor: Operating leases minimum future receivables		
No later than one year	1,636,966	1,118,062
Later than one year no later than 5 years	7,009,992	5,047,272
Later than 5 years	159,816,056	160,041,529
	168,463,014	**166,206,863**

These leases are in respect of municipal properties that are leased to third parties. These leases are payable by lessees, either monthly or annualy. Leases payable monthly and annually by lessees escalate at annual fixed rates that vary between 0% and 12.5% annually.

No contingent rent was recognised as revenue because rental increases are escalated at a fixed percentage. Increases are not based on indices or bases that result in a fluctuating interest rate.

The operating lease accrual arises from the differences between the actual rental and average rental at balance sheet date. During 2011/12 financial year the net amount of R2 546 106 has been accrued.

10. Long-term receivables

Financial assets at amortised cost		
Sporting bodies and other loans	70,451	82,331
Non-current assets		
Financial assets at amortised cost	57,353	70,451
Current assets		
Financial assets at amortised cost	13,098	11,880
	70,451	**82,331**

Sporting bodies: Loans were granted to sporting bodies before the implementation of the MFMA. No new loans have been issued and the remaining loans are redeemable until 2016. The above amounts relate to two loans that were issued to Beacon Bay Country Club on 30 June 1995 and 30 June 1996 payable over 21.5 and 20.5 years with the last payment due on 31 December 2016 respectively.

No security is held for any of the long-term receivables.

No long-term receivables defaulted and no terms of any of the long term receivables were re-negotiated.

The credit quality of long-term receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

No portion of the long-term receivables was pledged as security for any financial liabilities.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

11. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	20,826,638	(16,786,474)	4,040,164	18,827,225	(12,309,296)	6,517,929
Intangible assets under development	8,071,428	-	8,071,428	6,843,670	-	6,843,670
Total	**28,898,066**	**(16,786,474)**	**12,111,592**	**25,670,895**	**(12,309,296)**	**13,361,599**

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Work in progress completed tranferred	Amortisation	Total
Computer software	6,517,928	-	1,999,413	(4,477,177)	4,040,164
Intangible assets under development	6,843,670	3,227,171	(1,999,413)	-	8,071,428
	13,361,598	**3,227,171**	**-**	**(4,477,177)**	**12,111,592**

Reconciliation of intangible assets - 2011

	Opening balance	Additions	WIP Capitalised	Amortisation	Total
Computer software	9,673,367	170,200	397,800	(3,723,425)	6,517,929
Intangible assets under development	2,397,213	4,844,257	(397,800)	-	6,843,670
	12,070,580	**5,014,457**	**-**	**(3,723,425)**	**13,361,599**

Prior period errors			
Amortisation as stated in 2011		-	2,234,631
Adjusted	38&48	-	1,488,794
Restated		-	**3,723,425**

Pledged as security

No Intangible Assets were pledged as security.

Intangible assets under development refers to computer software.

12. Investment property

	2012			2011		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	219,463,251	-	219,463,251	220,776,439	-	220,776,439

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

12. Investment property (continued)

Reconciliation of investment property - 2012

	Opening balance	Adjustments	Total
Investment property	220,776,439	(1,313,188)	219,463,251

Reconciliation of investment property - 2011

	Opening balance	Transfers	Total
Investment property	201,198,657	19,577,782	220,776,439

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Metropolitan economic entity.

No Investment Properties were pledged as security.

The total direct operating expenses for repairs and maintenance on all municipal properties amounts to R 12,445,133 (2011: R12,929,741), including repairs and maintenance expenses on investment properties.

Operational expenditure regarding investment property earning rentals and those that are not earning rentals are not available as these expenses pertaining to investment properties are not budgeted for separately on the budget.

At reporting date there are no cumulative fair value changes in the surplus and deficit for investment properties.

There are no restrictions on investment properties.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The values were determined in-house by the Municipal valuer who is a Registered Professional Valuer with the South African Council for the Property Valuers Profession, Registration No. 2417/0. The Municipal Valuer was assisted by appointed consultants.

The value of investment property, comprising of land and buildings, was determined using the extent of each property and structure. The extent was multiplied by the rate per square metre for the type of property and structure. The rate per square metre for each property and structure type was sourced from the Davis Langdon Property and Construction Handbook 2009. Land values were calculated in terms of the rate per square metre for different geographic areas within the Metropolitan economic entity. In order to undertake this process, the land sizes for each property in the register were verified against the Deeds office, AS400 and Cadastre. In cases where no land sizes were provided in the register, the land size was sourced from the Deed, Cadastre and AS400 in that order. The calculation of the rate per square metre for the different geographic areas within the Metropolitan economic entity was then applied to any property with a valid land size.

Rental income from investment properties in respect of monthly and annual leases amounted to R7,804,438 (2011: R9,271,610).

13. Heritage assets

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Heritage sites	3,853,336	-	3,853,336	3,420,757	-	3,420,757

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

13. Heritage assets (continued)

Reconciliation of heritage assets - 2012

	Opening balance	Additions	Total
Heritage sites	3,420,757	432,579	3,853,336

Reconciliation of heritage assets - 2011

	Opening balance	Total
Heritage sites	3,420,757	3,420,757

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives.

14. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3,131,787,499	-	3,131,787,499	3,141,740,575	-	3,141,740,575
Buildings	1,272,634,984	(126,717,885)	1,145,917,099	1,289,882,448	(84,831,701)	1,205,050,747
Plant and equipment	79,573,281	(33,909,777)	45,663,504	58,322,785	(24,135,816)	34,186,969
Furniture and fittings	33,936,438	(12,508,145)	21,428,293	33,692,891	(10,534,333)	23,158,558
Motor vehicles	244,667,868	(107,317,975)	137,349,893	226,838,716	(96,134,717)	130,703,999
Office equipment	36,972,408	(22,167,337)	14,805,071	30,174,678	(15,318,295)	14,856,383
IT equipment	96,739	(96,726)	13	96,739	(96,726)	13
Electricity	3,022,745,692	(1,671,629,661)	1,351,116,031	2,976,435,313	(1,575,915,224)	1,400,520,089
Other properties	447,047,242	(30,382,452)	416,664,790	411,707,831	(18,617,316)	393,090,515
Work in progress (WIP)	424,832,747	-	424,832,747	624,802,216	-	624,802,216
Recreational facilities	64,605,152	(2,648,958)	61,956,194	18,372,937	(1,059,931)	17,313,006
Leases	3,584,867	(1,160,733)	2,424,134	2,835,077	(605,589)	2,229,488
Roads	3,653,779,758	(1,610,239,567)	2,043,540,191	3,121,860,407	(1,015,253,927)	2,106,606,480
Wastewater network	3,299,029,616	(2,269,923,610)	1,029,106,006	3,153,850,453	(2,163,983,571)	989,866,882
Water network	3,773,558,443	(2,509,263,944)	1,264,294,499	3,711,148,167	(2,441,302,156)	1,269,846,011
Community buildings	257,032,428	(20,811,175)	236,221,253	217,928,484	(14,024,106)	203,904,378
Total	**19,745,885,162**	**(8,418,777,945)**	**11,327,107,217**	**19,019,689,717**	**(7,461,813,408)**	**11,557,876,309**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Non-cash additions	Disposals	Adjustments	WIP capitalised	Depreciation	Impairment loss	Total
Land	3,141,740,575	441,882	-	(1,318,866)	(9,076,092)	-	-	-	3,131,787,499
Buildings	1,205,050,747	347,839	-	-	(23,827,107)	6,579,961	(42,234,341)	-	1,145,917,099
Plant and equipment	34,186,969	12,433,148	-	(48,489)	-	8,902,707	(9,810,831)	-	45,663,504
Furniture and fittings	23,158,558	101,221	-	(2,950)	-	145,855	(1,974,391)	-	21,428,293
Motor vehicles	130,703,999	19,460,507	-	(649,812)	-	-	(12,164,801)	-	137,349,893
Office equipment	14,856,383	6,864,306	-	(10,716)	-	-	(6,904,902)	-	14,805,071
Electricity	1,400,520,089	5,264,320	-	(1,324,763)	-	43,136,802	(96,480,417)	-	1,351,116,031
Other properties	393,090,515	1,735,195	27,088,841	-	-	786,305	(6,036,066)	-	416,664,790
Work in progress (WIP)	624,802,216	195,956,597	-	-	-	(395,926,066)	-	-	424,832,747
Recreational facilities	17,313,006	1,487,737	67,929	-	19,300,000	25,376,549	(1,589,027)	-	61,956,194
Leases	2,229,488	-	749,791	-	-	-	(555,145)	-	2,424,134
Roads	2,106,606,482	12,965,908	-	(9,954)	-	74,326,695	(148,550,365)	(1,798,575)	2,043,540,191
Wastewater network	989,866,882	3,876,961	-	(16,411)	-	141,342,205	(105,963,631)	-	1,029,106,006
Water network	1,269,846,011	2,042,918	-	-	-	60,367,359	(67,961,789)	-	1,264,294,499
Community buildings	203,904,378	4,141,317	-	-	1,535,080	34,961,628	(8,321,150)	-	236,221,253
IT equipment	13	-	-	-	-	-	-	-	13
	11,557,876,311	**267,119,856**	**27,906,561**	**(3,381,961)**	**(12,068,119)**	**-**	**(508,546,856)**	**(1,798,575)**	**11,327,107,217**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Asset additions	Non-cash additions	Disposals	Transfers	Work in progress capitalised	Depreciation	Impairment reversal	Total
Land	3,138,465,575	1,300,000	1,975,000	-	-	-	-	-	3,141,740,575
Buildings	1,230,859,258	2,623,983	549,000	-	-	13,460,149	(42,441,643)	-	1,205,050,747
Plant and equipment	29,695,355	12,060,275	-	(221,748)	-	-	(7,346,913)	-	34,186,969
Furniture and fittings	23,678,860	1,505,911	26,692	(18,095)	-	-	(2,034,810)	-	23,158,558
Motor vehicles	123,770,498	23,685,752	-	(3,537,530)	-	-	(13,214,721)	-	130,703,999
Office equipment	14,822,563	5,627,597	-	(157,501)	-	-	(5,436,276)	-	14,856,383
Electricity	1,402,690,591	16,749,758	-	(2,268,535)	-	-	(87,873,380)	71,221,655	1,400,520,089
Other properties	375,947,991	581,622	-	-	22,293,392	-	(5,732,490)	-	393,090,515
Work in progress (WIP)	463,326,952	263,359,136	-	-	-	(101,883,872)	-	-	624,802,216
Recreational facilities	37,467,106	-	335,095	-	(19,912,877)	-	(576,318)	-	17,313,006
Leases	1,758,693	-	862,874	-	-	-	(392,079)	-	2,229,488
Roads	2,221,362,112	51,603,805	7,000,000	(607,054)	-	-	(172,752,383)	-	2,106,606,480
Wastewater network	992,583,911	2,009,943	-	(74,167)	-	86,738,033	(91,390,838)	-	989,866,882
Water network	1,326,250,435	12,359,478	-	-	-	-	(68,763,902)	-	1,269,846,011
Community buildings	206,469,768	628,378	2,240,000	-	-	1,685,690	(7,119,458)	-	203,904,378
IT equipment	13	-	-	-	-	-	-	-	13
	11,589,149,681	**394,095,638**	**12,988,661**	**(6,884,630)**	**2,380,515**	**-**	**(505,075,211)**	**71,221,655**	**11,557,876,309**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

14. Property, plant and equipment (continued)

Proceeds on disposal of PPE	**2012**	**2011**
Carrying value of PPE	3,381,961	6,884,630
Net gain/(loss) on disposal of assets	(1,486,310)	(5,608,765)
Total	**1,895,651**	**1,275,865**

Prior period errors: Other properties		48	
Opening balance as stated in 2011			- 381,800,762
Adjusted			- (5,859,152)
Restated balance			- **375,941,610**
Prior period errors: Electricity			
Opening balance as stated in 2011			- 1,403,288,989
Adjusted		48	- (598,398)
Restated balance			- **1,402,690,591**
Prior period errors: Wastewater network			
Opening balance as stated in 2011			- 992,643,911
Adjusted		48	- (60,000)
Restated balance			- **992,583,911**
Prior period errors: Roads			
Opening balance as stated in 2011			- 1,996,917,658
Adjusted		48	- (5,655)
Remove opening cost and depreciation as at 1 July 2010		48	- (643,513,417)
Add back cost and accumulated depreciation after asset adjustments		48	- 872,740,579
Changes in depreciation due to the update of bridge and stormwater asset data		48	- (4,777,053)
Restated balance			- **2,221,362,112**
Prior period errors depreciation			
Opening balance as stated in 2011			- 500,414,684

Notes to the Annual Financial Statements

Figures in Rand		2012	2011 Restated
14. Property, plant and equipment (continued)			
Adjusted	48	-	4,660,527
Restated balance		-	**505,075,211**

There are currently 5 934 assets that have carrying values of and between R0.00 and R1.00, which are still in use.

As at 30 June 2012 there are no temporary idle assets.

As at 30 June 2012 the total cost of all fully depreciated assets amount to R 472 948 560 (2011 restated: R 213 190 375).

As at 30 June 2012 there are no assets retired from active use and held for disposal.

Pledged as security

No assets were pledged as security.

Borrowing costs capitalised

No borrowing costs were capitalised during the year.

Assets subject to finance lease (Net carrying amount)

Office equipment	2,424,134	2,229,489

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

14. Property, plant and equipment (continued)

Revaluations

Revaluations were performed by a consortuim of independent valuers consisiting of CB Richard Ellis Mass Appraisal Services (Pty) Ltd trading as Richard Ellis KZN (Pty) Ltd, Integrate (Pty) Ltd, Afrivall Property Valuers (Pty) Ltd) and Coalition Trading 204 CC which were appointed to do the 2008 general valuation for implementation in July 2009.

The value of property, comprising of land and buildings, was determined using the extent of each property and structure. The extent was multiplied by the rate per square metre for the type of property and structure. The rate per square metre for each property and structure type was sourced from the Davis Langdon Property and Construction Handbook 2009. Land values were calculated in terms of the rate per square metre for different geographic areas within the Metropolitan economic entity. In order to undertake this process, the land sizes for each property in the register were verified against the Deeds office, AS400 and Cadastre. In cases where no land sizes were provided in the register, the land size was sourced from the Deed, Cadastre and AS400 in that order. The calculation of the rate per square metre for the different geographic areas within the Metropolitan economic entity was then applied to any property with a valid land size.

Land and buildings are re-valued every 4 years.

The fair values were determined directly by reference to observable prices and an active market or recent market transactions at arms length terms.

As land and buildings were identified and revalued during 2009, no historical cost is available and therefore no disclosure could be made of what the carrying value under the cost model would have amounted to. No historical cost information is available as, prior to the identification and revaluation of these assets in 2009, assets were not componentised but were recorded as globular assets.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Metropolitan economic entity. The Metropolitan economic entity has taken all reasonable steps to ensure the completeness of the fixed asset register by using the best international and local methodology and practice for asset verification, within the limits of the available organisational, human and financial capacity. However it should be noted that, as per international precedents, owing to the nature and large scale of the assets as well as the technical and onerous challenges involved in the process, it is impossible to certify that the fixed asset register is 100% complete.

15. Non- current investments

These investments are classified as financial assets at amortised cost.

No security is held for any of the non-current investments.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

No portion of the non-current investments was pledged as security for any financial liabilities.

The credit quality of non-current investments that are neither past nor due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Fixed term deposits of R 856 601 (2011: R 819 965) are invested with Nedbank at interest rates of 2% - 5.32% (2011: 2.2% - 5.27%)

Fixed deposits long term	856,601	819,965
	856,601	**819,965**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011 Restated

16. Investment in associate

Name of entity	Listed / Unlisted	% holding 2012	% holding 2011	Carrying amount 2012	Carrying amount 2011	Fair value 2011
East London Industrial Development Zone (Pty)Ltd (IDZ)	Unlisted	26.00 %	26.00 %	-	12,088,092	12,088,092
BCMM share in IDZ - 26,000 shares @ 0,01c		26.00 %	26.00 %	260	-	-
				260	12,088,092	12,088,092

The carrying amount of the associate is shown net of impairment losses.

Movements in carrying value

Opening balance		12,088,092	32,323,291
Share of surplus/(deficit)	44	(12,087,832)	(20,235,199)
		260	**12,088,092**

Investment in associate at 30 June 2012 amounted to R 260 (2011: R 12,088,092).

Fair value

Management could not make a reliable estimate of the fair value of the associate as the information to determine the fair value is not readily available. Management however believes that the face value approximates the fair value of the shares.

Principal activities, country of incorporation and voting power

Legal name	Principal activity	Country	Proportion of voting power
East London Industrial Development Zone (Pty)Ltd	Development of East London's industrial development zone.	SA	26%

Summary of controlled entity's interest in associate

Total equity	(29,526,840)	(15,636,674)
Total liabilities	442,683,592	448,196,303
Total assets	413,156,752	432,559,629
Deficit	(13,890,166)	(25,900,138)
Revenue	6,476,798	8,927,730

Associate with different reporting dates

The financial statements of East London Industrial Development Zone (Proprietary) Limited are prepared for the accounting period 01 April 2011 to 31 March 2012 and the quarter ending 30 June 2012.

Unrecognised share of losses of associates

The Metropolitan economic entity has discontinued recognising its share of the deficits of East London Industrial Development Zone (Proprietary) Limited, as the investment is held at R nil and the Metropolitan economic entity has no obligation for any deficits of the associate. The total unrecognised deficits for the current period amount to R41 614 932 - (2011 : R20,235,199). The accumulated unrecognised deficits to date amount to R nil (2011: R9,928,176).

Volume III: Fourth Quarter Report: Buffalo City Metropolitan Municipality Institutional Scorecard 2011/2012

FOURTH QUARTER REPORT: BUFFALO CITY METROPOLITAN MUNICIPALITY INSTITUTIONAL SCORECARD 2011/2012

INSTITUTIONAL DEVELOPMENT PERSPECTIVE

Key Performance Areas (KPA)	BCMM Objectives	Specific Objectives	Key Performance Indicator (KPI) Numbers	Key Performance Indicators (KPI)	Portfolio of Evidence required	Baseline	Target 11/12 (1 July 2011 to 30 June 2012	2011/2012				Corrective Action	2011/2012				Corrective Action
								Target (1 January - 31 March 2012)	Actual Target Achieved	Rating Key	Reason for Deviation		Quarter 4 Target (1 April - 30 June 2012)	Actual Target Achieved	Rating Key	Reason for Deviation	
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	BCMM 2: To be an institutionally efficient and effective City that inclusively works with communities by 2016	Develop organisational structure and promote skills development	1	Approved revised structure	Minutes of Council with Adopted Organogram	Existing BCM structure	Organogram in line with IDP	Approved structure for 4 Directorates	Nil		The structure for 3 direcotrates is finalised and awaiting workshopping with management	The remaining 2 directorates on track to be finalised end of May	Organogram in line with IDP	Not Achieved		The Macro Structure changed and is to start all over again	In the process of reviewal
			2	% of Municipality's budget actually spent on implementing Workplace Skills Plan	Financial Report	1%	1 % of Payroll	.25 %	.9375		N/A	N/A	1 % of Payroll	1.25%		N/A	N/A
		Address EE imbalances in terms of gender and disabilities	3	Number of people from employment equity target groups (women) employed from task grade 14 to Municipal Manager Level in compliance with the approved Employment Equity Plan	Employment Equity report to Council	27	3	2	0		Moratorium on filling of posts at these levels due to restructuring	Speed up the restructuring process	3	1		Structure not finalised	Restructuring Process should be finalised first
			4	Number of people from employment equity target groups (disabled) employed	Employment Equity report to Council	31	3	1	0		Moratorium on filling of posts at these levels due to restructuring	Speed up the restructuring process	3	1		Structure not finalised	Restructuring Process should be finalised first
		To create health working environment	5	Increase number of wellness programmes annually	Programme of daily events submitted	6 events	8 events	6 events	6 events		N/A	N/A	8 events	8 events		N/A	N/A
		Provide an effective and efficient Information and Communication Technology to BCMM internal and External	6	% Progress towards the integration of business systems	Approved Feasibility Study	5%	100% (Approved Feasibility Study)	30% (progress on Feasibility Study)	30% (progress on Feasibility Study)		N/A	N/A	100% (Approved Feasibility Study)	60% (progress on feasibility study)			To be finalized by 30 September 2012
		Grow the Municipality's Knowledge, creativity and innovative base	7	Milestone towards the implementation of KM strategy	Progress Report	Existing KM stragegy	Basic KM Training	30 Directors and General Managers trained	144 Councillors and Officials were trained on Basic KM Training		N/A	N/A	Basic KM Training	Complete		N/A	N/A
		The promotions of access to spatial information to the public	8	% progress made towards GIS rollout on the Internet	Webpage	CITY MAP on Intranet	100%	50% (Set up of GIS internet site)	100% GIS Website available at http://gis.bcmm.gov.za. Advert placed in media on 10/2/2012 and 17/02/2012, link created on		Procurement processes was quicker than anticipated. Testing of Website and set up was quicker than anticipated.	N/A	100%	100%		N/A	N/A

Key Performance Areas (KPA)	BCMM Objectives	Specific Objectives	Key Performance Indicator (KPI) Numbers	Key Performance Indicators (KPI)	Portfolio of Evidence required	Baseline	Target 11/12 (1 July 2011 to 30 June 2012	2011/2012				Corrective Action	2011/2012				Corrective Action
								Target (1 January - 31 March 2012)	Actual Target Achieved	Rating Key	Reason for Deviation		Quarter 4 Target (1 April - 30 June 2012)	Actual Target Achieved	Rating Key	Reason for Deviation	
FINANCIAL MANAGEMENT PERSPECTIVE																	
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	BCMM 1: To be a financially sound organisation that efficiently manages its resources	Increase BCMM Revenue	9	% increase in collection rate annually	Revenue collection report	92%	93,3%	93,3%	93.15%		Deviation is 0.15% due to non payment of debt	Temporary Electricians have been appointed as from 1st March 2012 and Debt has been handed over to Collection	93,3%	91.77%		Deviation is 1.53% due to non payment of debt	Contract 45 (Disconnection Contract) is advancing to BAC and continous handover of arrears debtors are
			10	Reduction in the billing debt book	Analysis of the Billing Debt book	R650m (estimated as at June [illegible]	4.7 million (CRR)	4% decrease of the debtor book (R26 [illegible]	R66.4m		N/A	N/A	4.7 million (CRR)	66.4m		N/A	N/A
		Ensure the integration of property information systems throughout the institution	11	% Progress towards the alignment and clean-up of property information	Spreadsheet of property information	9 existing systems (Venus, Metval, TP zone, BPS,	100%	75%	75%		N/A	N/A	100%	80%		Procument Process. Data Governance Plan is expected on December 2012	Migration strategy received for Data cleanup and Analysis.
			12	% of business processes developed to align databases	Spreadsheet of property information	Manual processes and	5%	3,5%	3,5%		N/A	N/A	5%	5%		N/A	N/A
			13	% Progress towards a single access point to property information	Spreadsheet of property information	GIS TEXT (Intranet)	5%	3,5%	3,5%		N/A	N/A	5%	5%		N/A	N/A
		To ensure that BCMM has a proper financial and asset accounting systems and controls in place	14	% Progress in producing a Fixed Asset Register	Asset Register	50% (2010/11 Asset Register)	70% (2011/12 Asset Register)	65% (2011/12 Asset Register)	65%		N/A	N/A	70% (2011/12 Asset Register)	70% (2011/12 Asset Register)		N/A	N/A
			15	% Progress towards a compliant Financial Statements	Financial Statements	60% (2010/11 Financial Statement)	70% (2011/12 Financial Statement)	65% (2011/12 Financial Statement)	65%		N/A	N/A	70% (2011/12 Financial Statement)	70% (2011/12 Financial Statement)		N/A	N/A
		To ensure that BCMM remains financially viable and sustainable in terms of a credible and reliable budget	16	Improve & Maintain Current Ratio (Number of times that Current Assets cover Current liabilities)	Financial Report	1,98:1	1,99:1	1,99:1	1,67:1		current economic climate	improve revenue generation and collection	1,99:1	1,57:1		Current economic climate	Improve revenue generation and collection
		To manage long term borrowings at affordable level	17	% of Total Debt to Revenue	Financial Report	23,9%	<35%	<35%	25%		N/A	N/A	<35%	24,1%		N/A	N/A
		Rollout of indigent scheme to all indigent households in BCMM	18	The percentage of households earning less than R1100 per month with access to free basic services	Indigent register	32% of households in BCMM (67 013 registered indigents)	70 000	69 500	50426		Due to non-renewal of indigent status by old or existing indigents	Ward councillors requested to assist in renewals.Indigent Registration campaign planned from April	70 000	54240		Large number of indigents that dont renew their indigent status	Conducting of indigent registration campaigns
		Performance of a General Valuation after every four financial years	19	Valuation Roll compilation	Valuation Roll compilation	Valuation Roll	Perform General Valuation 2013	Advertise for general valuation tender	General Valuation 2013 avertised and is currently being assessed by [illegible]		N/A	N/A	Perform General Valuation 2013	GV13 tender at BEC pending finalisation		Confirmation of Budget	Bid Evaluation process underway
		Perform Supplemintary Valuations at least quarterly	20	Number of supplementary valuations performed per year	Implementation of supplementary roll	Two (2) Supplementary Valuations	Two (2) Supplementary Valuations (SV) performed and implemente	Perform and implement SV05	SV05 implemented on 1 March 2012		N/A	N/A	Two (2) Supplementary Valuations (SV) performed and implemented	SV06 implemented on 1 June 2012		N/A	N/A

Key Performance Areas (KPA)	BCMM Objectives	Specific Objectives	Key Performance Indicator (KPI) Numbers	Key Performance Indicators (KPI)	Portfolio of Evidence required	Baseline	Target 11/12 (1 July 2011 to 30 June 2012	2011/2012				Corrective Action	2011/2012				Corrective Action
								Target (1 January - 31 March 2012)	Actual Target Achieved	Rating Key	Reason for Deviation		Quarter 4 Target (1 April - 30 June 2012)	Actual Target Achieved	Rating Key	Reason for Deviation	
GOVERNANCE PROCESS PERSPECTIVE																	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	BCMM 1: To be a financially sound organisation that efficiently manages its resources	To ensure effective, efficient & transparent Supply Chain Management systems	21	% Progress made towards the review of Supply Chain Management (SCM) Policy	Adopted reviewed SCM Policy	Existing Policy	(100%) Reviewed SCM Policy	75%	(80%) Policy review completed, awaiting workshop with Council and approval thereafter		N/A	N/A	(100%) Reviewed SCM Policy	(100%) reviewed SCM Policy and sent to Council ion 30 May 2012		N/A	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	BCMM 2: To be an institutionally efficient and effective City that inclusively works with communities by 2016	Maximise the implementation of Public Participation	22	No of public participation pro-grammes/initiatives implemented within directorates in terms of the PP Strategy Annual Plan.	Minutes of minutes & Attendance Registers	PP Strategy	10 public participation programmes/initiatives	6 public participation programmes/initiatives	16 Public Participation initiatives		N/A	N/A	10 public participation programmes /initiatives	10		N/A	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION		Sustain and expand development cooperation and international relations with partners to enhance development and improve capacity	23	Number of partnerships that support service delivery initiatives	Reports on Partnerships	5	1	1	1		N/A	N/A	1	1		N/A	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION			24	Number of African partnerships	Report on African Partnerships	0	1	0	0	N/A	N/A	N/A	1	1		N/A	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION		improve communication flow between the Municipality and the greater community of	25	Number of shared activities with external stakeholders	Reports on Shared external activities	4	10	9	14		N/A	N/A	10	10		N/A	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION		Enhance integrated Planning through Inter-governmental Relations	26	Number of sector departments and state owned enterprises plans incorporated into BCMM IDP	Reports on IGR Programmes	0	10	8	8		N/A	N/A	10	10		N/A	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION		Improve customer care throughout BCMM	27	% Progress made towards conducting Customer Satisfaction Survey	Adopted Customer Satisfaction Survey	Customer Satisfaction Survey 2006	(100%) Final Draft of Customer Satisfaction Survey	75% (First Draft of Customer Satisfaction Survey)	20% (Tender has progressed to BEC)		BEC asked for the tender to be re-advertised due to technicalities		(100%) Final Draft of Customer Satisfaction Survey	25%		insufficient budget	roll over and seek increase of budhet. Allocate the project under KM.
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Grow the Municipality's Knowledge, creativity and innovative base	28	Number of case studies documented	Documented case studies	1 case study	2 case studies	2 case studies first drafts	Analysis stage for 1 case study and Data capturing for another case studies		Shortage of Personnel	Request more personnel	2 case studies	1		Shortage of Personnel	Request more personnel
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	To ensure that BCMM has systems and mechanisms in place to facilitate transparent and accountable administration	29	Milestones towards Development and implementation of a Risk Management System	Relevant documentary evidence	Preliminary Risk Management Framework developed	Approval of Framework, Constitution of Risk Committee and first Risk assessment at strategic level	Third Quarter Review of RM and Alignment of Risks to IDP Review Process	Target achieved. Top 50, 25 and 10 risks workshopped and reviewed		N/A	N/A	Approval of Framework, Constitution of Risk Committee and first Risk assessment at strategic level	Framework approved and risk assessment completed		N/A	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Development of a Fraud awareness and culture capable of mitigating fraud in a responsible manner	30	Progress towards development of Fraud Mitigation Strategy	Relevant documentary evidence	Existing outdated Policy	Approved Fraud Mitigation Strategy	Approval of Strategy by Management - stage 3	Target not achieved. Awaiting input from Unions.		Awaiting input from Unions. Considered not desirable to proceed in absence of buy-in from employee representative bodies		Approved Fraud Mitigation Strategy	Not achieved		Draft Framework refered to Labour Forum is pending inputs from Unions	Request sent to union to speedup response failure will result in assumption that unions are in agreement

Key Performance Areas (KPA)	BCMM Objectives	Specific Objectives	Key Performance Indicator (KPI) Numbers	Key Performance Indicators (KPI)	Portfolio of Evidence required	Baseline	Target 11/12 (1 July 2011 to 30 June 2012	2011/2012				Corrective Action	2011/2012				Corrective Action
								Target (1 January - 31 March 2012)	Actual Target Achieved	Rating Key	Reason for Deviation		Quarter 4 Target (1 April - 30 June 2012)	Actual Target Achieved	Rating Key	Reason for Deviation	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Develop BCMM brand (logo)	31	% Progress towards development of an approved BCMM brand (logo)	New BCMM Branding	Nil	(100%) Approved BCMM brand (logo)	75%	75% (3 public participation meetings held and the report was presented to Council)		N/A	N/A	(100%) Approved BCMM brand (logo)	100% pending approval by Council		Pending Council Approval	Pending Council Approval

Key Performance Areas (KPA)	BCMM Objectives	Specific Objectives	Key Performance Indicator (KPI) Numbers	Key Performance Indicators (KPI)	Portfolio of Evidence required	Baseline	Target 11/12 (1 July 2011 to 30 June 2012	2011/2012				Corrective Action	2011/2012				Corrective Action
								Target (1 January - 31 March 2012)	Actual Target Achieved	Rating Key	Reason for Deviation		Quarter 4 Target (1 April - 30 June 2012)	Actual Target Achieved	Rating Key	Reason for Deviation	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Targeted groups beneficiation in BCMM's economic and basic services opportunities	32	Number of procurement contracts awarded to preferential targeted groups (HDI and Women)	BAC Reports of awarded contracts	0	25 procurement contracts	20 procurement contracts	38 procurement contracts		N/A	N/A	25 procurement contracts	72 procurement contracts		N/A	N/A
SERVICE DELIVERY PERSPECTIVE																	
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 1: To be a financially sound organisation that efficiently manages its resources	Expenditure of all grant / capital infrastructure funding for service delivery in the applicable financial year	33	% of Municipality's budget actually spent on capital projects identified for a particular financial year in terms of the IDP	Expenditure Report	60%	100%	60%	18%		Delays in procurement processess and legal disputes	Speed up the procurement process	100%	40%		Delay in procurement processes and legal disputes	
	BCMM 2: To be an institutionally efficient and effective City that inclusively works with communities by 2016	Provide comprehensive Municipal Health Services to all BCMM communities	34	Complete Phase 1 of the project being Section 76-78 Assessment towards development of MHS plan	Appointment of Service Provider and Reports of the Service Provider	0	Draft Report on section 76-78 assessment	Draft Report to be presented to DH&PS & Health Management by Service Providers	Tender awarded and Service provider appointed. SLA prepared and awaiting signature		SLA prepared and submitted for signature however procedures were not followed when submitted	Depts to note that the signing of SLA's has been delegated to the Interim Executive Directors for signature.	Draft Report on section 76-78 assessment	Signing of the SLA done on 1 May 2012		Delayed signing of the SLA to commence the project	Request for the funding roll-over of the project has been submitted for approval
	BCMM 4: Sustainable infrastructure to support social and economic development	Planning for sustainable human settlements, thus enabling residents their physical, social, developmental, environmental, cultural and psychological	35	Number of disability friendly traffic lights installed	Completion certificate	1	9	5	5		N/A	N/A	9	10		N/A	N/A
	BCMM 3. To create an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality	Planning for sustainable human settlements, especially in the former marginalised priority townships of BCMM (i.e. Duncan Village & Mdantsane)	36	Rural Settlement Township Feasibility Study. Final Township Layout Plans. Township General Plans	Situation Analysis report with key rural develop-mental issues	1 Land Reform and Settlement Plan prepared by ADM	1	Inception Report and Planning base data preparations	Inception Report submitted and base data preparations completed.		N/A	N/A	1	1		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY		Planning for sustainable human settlements, especially in the former marginalised priority townships of BCMM (i.e. Duncan Village &	37	Rural Settlement Township Feasibility Study. Final Township Layout Plans. Township General Plans.	Final Draft Township/ Settlement Layout Plans for 5 project areas	15 approved Township Establishments	5	Draft Proposals	5 Draft Layout plans		N/A	N/A	5	5		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY		To integrate the fragmented spatial form	38	Final Draft SDF completed. 4 Local Spatial Development Frameworks submitted for Council's approval	Final Draft Local Spatial Development Framework document	10 LSDF's	Final Draft SDF and 4 LSDF's ready for submission to Council for approval	Development Proposals for the 4 LSDF's and Situation Analysis for the SDF	Development Proposals for 3 LSDF's and Situation Analysis for SDF		The KWT LSDF Workshop that was scheduled for mid March was postponed because of Council priorities. If this workshop had taken place it would have allowed the Consultant to complete the Development Proposals	The workshop is in the process of being rescheduled	Final Draft SDF and 4 LSDF's ready for submission to Council for approval	3		The BCMM SDF and the Mdantsane LSDF Public Workshops that was scheduled for mid June 2012 were postponed because of lack of attendance . If this workshop had taken place it would have allowed the Consultant to	The workshops are in the process of being rescheduled for July

Key Performance Areas (KPA)	BCMM Objectives	Specific Objectives	Key Performance Indicator (KPI) Numbers	Key Performance Indicators (KPI)	Portfolio of Evidence required	Baseline	Target 11/12 (1 July 2011 to 30 June 2012	2011/2012				Corrective Action	2011/2012				Corrective Action
								Target (1 January - 31 March 2012)	Actual Target Achieved	Rating Key	Reason for Deviation		Quarter 4 Target (1 April - 30 June 2012)	Actual Target Achieved	Rating Key	Reason for Deviation	
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development	To develop a balanced multi-modal, safe and integrated transport system that promotes mobility and accessibility	39	% Progress made towards review of ITP	Reviewed ITP	2008 - 2013 council approved ITP	100% (Reviewed ITP)	75%	0		Delays in finalising service level agreements	Consulting in process of preparing ITP review and projects will be completed in the fourth quarter	100% (Reviewed ITP)	90%		Delays in finalizing service level agreement. Consultants have managed to take up some of the lost time in the initial	Consultants to finalise ITP review as soon as possible. Should be completed by end of July 2013
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development	Improve Mobility by the Provision sustainable public transport along the Mdantsane East London Development Corridor, including feeder services by 2016	40	Detailed Design Phase	Approved plans	Council approved Operational Plan	Detailed Design phase 50% complete	Inception of full team of consultants for the BRT planning and consultation process	0		Legal challenge ifrom unsuccesful bidder has resulted in project being delayed	Legal issues to be resolved- legal team has been appointed	Detailed Design phase 50% complete	Project is on hold pending outcome of legal process		Legal Challenge from unsuccessful bidder has resulted in project being delayed	Matter was heard in High Court on 21 and 22 June and judgement has been reserved - expect verdict within 2 weeks
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development		41	KM's of BRT lanes constructed	Completion certificates	0	5km	3km	0		Legal challenge ifrom unsuccesful bidder has resulted in project being delayed	Legal issues to be resolved- legal team has been appointed	5km	Project is on hold pending outcome of legal process		Legal Challenge from unsuccessful bidder has resulted in project being delayed	Matter was heard in High Court on 21 and 22 June and judgement has been reserved - expect verdict within 2 weeks
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development	Improve Mobility by the Provision sustainable public transport along the Mdantsane East London Development Corridor, including feeder services by	42	KM of Feeder routes upgraded	Completion certificates	0	20km	15km	0		Legal challenge ifrom unsuccesful bidder has resulted in project being delayed	Legal issues to be resolved- legal team has been appointed	20km	Project is on hold pending outcome of legal process		Legal Challenge from unsuccessful bidder has resulted in project being delayed	Matter was heard in High Court on 21 and 22 June and judgement has been reserved - expect verdict within 2 weeks
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 3: To create an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality	Provision of job opportunities for unemployed BCMM citizens	43	Number of jobs created through LED initiatives including capital projects	Appointment letters, contracts	783	1583 FTE (Full Time Equivalent)	1185 FTE	513 FTE's		No EPWP Policy in place	Reports on policy adoption to Ensure developmental integration across all sectors and re-engineering of how planning, designing and implementtion of projects / programmes within the existing	1583 FTE (Full Time Equivalent)	698		Less number of projects on implementation and majority of those being reported are outside the EPWP bracket.	Reports on Policy adopted to ensure developmental integration across all sectors and re-engineering of how planning, designing and implementation of projects/ programmes within the existing municipal budget is
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			44	Number of learnership contractors engaged in EPWP learnership	Learnership contracts	10	10	10	10		N/A	N/A	10	10		N/A	N/A

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INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development	Upgrade informal settlements and provide proper services with land and securit of tenure	45	Number of formal houses provided	Tick sheets, Photos, Hand over Certificates, "Happy letters"	Top Structure=1929, Service sites=1195	Top Structure= 680, Service sites=218	Top Structure=625, Service sites=88	Top Structure= 595, Service sites= 0		Stage 2 = The contract for the appointed contractor (Kumbula Properties) has been terminated. Block Yard TRA (DVRI) = The contractor for the internal services has been appointed, however the consultant for internal services designs has been liquidated, therefore the contractor has not received all documentation (working	Stage 2 = The PDoHS is taking over the balance of the projects. BCMM will be completing the remainder of the 900 units. Block Yard TRA (DVRI) = BCMM Engineering and Legal Department are finalizing ceding of the work to the sub consultant by the appointed consultant in order for the Municipality to obtain the documentation. DVRI Pilot Project	Top Structure= 680, Service sites=218	**Top Structure= 833, Service sites=** 0 Potsdam Unit P = 432Top Structures; Dimbaza Phase 2 = 11 Top Structures; Ilitha South Phase 1 = 125 Top Structures; Tyutyu Phase 1 = 257 Top Structures Mekeni Rd (DVRI Pilot		**Potsdam Unit P Stage 2 =** The contract for the appointed contractor (Kumbula Properties) has been terminated. **Block Yard TRA (DVRI) =** The contractor for the internal services has been appointed, however the consultant for internal services designs has been liquidated, therefore the contractor has not received all documentation	**Potsdam Unit P Stage 2 =** The Municipality is in the process of appointing a contractor to complete the outstanding units from the 900 and hand over 1103 units to the Provincial Department of Human Settlement (PDoHS) for construction as agreed by Mayoral Committee. **Block Yard TRA (DVRI) =** BCMM Engineering and Legal Department are currently
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY		increase the rate of affordable rental housing delivery	46	Number of rental/social houses provided	Printout from Housing Demand register & Delivery report from the Social Housing	1001	230 New Units	0	344 = Completed Rental Housing Units		N/A	N/A	230 New Units	344 = Completed Rental Housing Units		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY		To create access to land for development of sustainable human settlements and other related projects in the metro	47	Number of land parcels required	Deed of Donation, Deed of Sale (signed),Deed of Transfer	2	2	2	Drawing up of legal documents for property registration and transfer in		No budget was available to pay current owner and conveyancer for making transfer	R600 000,00 was availed in the adjustment budget	2	1 Property acquired for a Reservoir site and Deed of Transfer signed with		State land release and finalisation of the ADM land donation process and acceptance of the offer to	Follow up interaction with ADM, Public Works and Rural Development
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY		Provide integrated and sustainable transport systems by implementing programmes and projects emanating from Integrated Transport Plan (ITP)	48	Number of ITP projects implemented	Completion certificates, Project reports	Council approved ITP	5 projects	0	0	N/A	N/A	N/A	5 projects	3 projects completed		Procurement issues with informal contracts for installation of traffic calming measures. Additional projects still in feasibility stage	finalise informal tender awards with SCM and proceed to implementation stage
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY		To ensure that the electrical system is a safe, efficient, well functioning and maintained system	49	Number of mini substations replaced, renewed and upgraded	Completion certificate	0	5 mini substations	2	2		N/A	N/A	5 mini substations	5 mini substations		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			50	Number of switch houses replaced, renewed and upgraded	Completion certificate	0	1 switch house	0	0	N/A	N/A	N/A	1 switch house	1 switch house		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic		51	Number of streetlights replaced	Completion certificate	0	2251	1451	1460		N/A	N/A	2251	2373		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development	Electrify all low income RDP formal dwelling	52	Number of households with access to basic levels of electricity	DOE report form/Connection form	1500	1500	500	1000		Additional connection have been achieved due to a Roll over project from 2010/11 financial year	N/A	1500	1325		Contractor has experienced problems regarding infighting and difficulties between joint parties and contractor not being able to meet contractural obligations has	Contractual & legal action being enforced and BCMM is tyring to assist the contractor to ensure that the contract is successfully completed
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development	Acceleration of service delivery in BCMM townships	53	Number of new township regeneration programmes initiated (This is not for Municipal Services)	Management Report	2 (Duncan Village and Mdantsane)	1	N/A	N/A	N/A	N/A	N/A	1	no information received		no information received	no information received

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INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development	Provide adequate, accessible, affordable and Comprehensive Primary Health Care Facilities to BCMM communities	54	Building of Greenfields Clinic	Appointment of Service Provider and Actual Constructed Building	One consulting Room Clinic in place	Complete Clinic with 4 Consulting rooms	Commencement with building of the clinic	Building not yet commensed		Failure of the appointed contractor to produce the construction gaurantee certificate	The Contractor appointed was terminated on the 28th March 2012.The memorandum for cancellation to be written to the City Manager for approval	Complete Clinic with 4 Consulting rooms	Project halted - PHC provincialised as from July 2012		Failure of the appointed contractor to produce the construction gaurantee certificate	The Contractor appointed was terminated on the 28th March 2012.The memorandum for cancellation to be written to the City Manager for approval
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development	Provide an efficient & responsive Fire & Rescue Facilities to all BCMM communities	55	Number of fire stations built	Title deed/Letter confirming land acquired, approved architectural drawings	7	Planning phase	Rezoning, land surveys and drawing of plans	Tender awarded and Service provider appointed and contractor on site laying foundations		N/A	N/A	Planning phase	Building at window height		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development		56	Number of fire engines purchased	License of fire engine	27	1 (Fire engine)	Processing of an order at SCM Inspection of a Vehicle	Vehicle not yet delivered		Delay in the manufacturing of the chassis for the Fire Engine by Mercedes Benz. Marce the service provider could not commence manufacture of vehicle.	Chassis manufactured and Marce has commenced with the manufacturing of the Fire Engine. To be completed in time for delivery by June 2012	1 (Fire engine)	Fire Engine delivered 29/06/2012		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development	To ensure a safe and secure environment for all BCMM communities by 2016	57	Crime prevention strategy adopted by Council	Adopted Crime Prevention Strategy	0	Planning Phase	Preparation of Crime Prevention Strategy	Tender for the preparation of a Crime Prevention Strategy not yet awarded		No tenders received when first advertised therefore had to be re advertised.	Tender readvertised on the on 9/12/2011. Bids evaluated and report submitted to BEC on 8 MARCH 2012. Report now progressing to BAC	Planning Phase	Tender awarded		N/A	N/A
		Reduction and prevention of crime incidents in BCMM	58	Establishment of Metro Police	Approved application for the establishment of Metro Police	Law Enforcement Officers	Submit application	N/A	N/A	N/A	N/A	N/A	Submit application	Application prepared and awaiting signature by CM		Application prepared but Directorate to set up meeting with CM to discuss prior to	Set up meeting with CM asap to discuss and obtain signature for submission
	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	To provide an accessible all weather BCMM road network	59	KM of roads constructed and upgraded (surfaced)	Completion certificate	50km	10km	6km	5.4km		1. Challenges with Mdantsane Roads Implementation. 2. Delays in award of Contract 26. 3. Challenges with Bitumen supply availability	Learner Contract engagement to Implement Project	10km	6.1km		(1.) Challenges with Mdantsane Roads Implementation. (2.) Delays in award of Contract 26. (3.) Challenges with bitumen supply availability	Learner Contractor engagement to implement project
	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	To provide an accessible all weather BCMM road network	60	KM of roads maintained & rehabilitated	Completion certificate	600km	1000km	700km	1021.67km		N/A	N/A	1000km	1255.8km		N/A	N/A

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INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Provision of basic water services (water and sanitation) of accessible quality	61	Increase number of households with access to minimum basic standard of sanitation	Completion certificate	132 447	5500	4125	3464		Increased rock quantities (awaiting variation order)	Tenders for next phase advertised on the 4th March 2012	5500	3772		Increased rock quantities (awaiting variation order)	Tenders for next phase advertised on the 4th March 2012
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			62	Increase number of waste water treatment works which comply with green drop certification	Green Drop certification certificate	0	2	0	0	N/A	N/A	N/A	2	0		No assessment undertaken by DWA for period under review.	Assessment to be undertaken by DWA in 12/13 financial year
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			63	Increase number of households with access to basic standard of water	Asbuilt drawings	5 869	1 174	234	0		Delays on appointment of service provider for Ward 33 bulk water supply phase 4, which is installation of bulk infrastructure, water reticulation with standpipes due to the late approval of MIG roll funds.	Tender report for bulk water supply to Ward 33 villages is at BAC for final award.	1 174	1628		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			64	Increase number of water supply schemes which comply with blue drop certification	Accreditation certificate	2 schemes accredited	2	0	0	N/A			2	4 Blue Drop Certificates(Retained Blue Drop Status for Umzonyana and KWT Water Treatment Works and received 2		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			65	% Progress towards accreditation of the laboratory	Gap analysis report, completion certificate	0	20% (Gap analysis and infrastructur	Infrastructure upgrade	12% Infrastructure Uprade completed		N/A	N/A	20% (Gap analysis and infrastructure upgrade)	20%		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY		Reduce non revenue water losses	66	% reduction of non revenue water losses	Water statistics spreadsheet	40%	35%	36%	45%		The number of averaged water consumers is about 18748 properties. This is due to a number of "no access" factors, which are encountered by the water meter readers. Our investigation indicated that 50% of the "no access" queries are genuine are currently being addressed with the limited resources. Flat rated consumers who are billed at	Funding of aproximately R18,123,450.00 is required to address "no access" water meter queries, which are due to a number of factors including ageing water meters, meters on midblock water mains inside private properties, covered water meters etc. The Department is using the internal staff to repair all problematic water meters but cannot replace all old	35%	44%		Insufficient and late allocation of funds, the targets were originally based on CRR funding, which was ultimately not approved. USDG funding for relocation of mid blocks and water meters became available at the end of the financial year was not sufficient to measure the impact of the interventions. Sales Stats for May & June 2012 is not yet available from	Request for more funding to address the metering and ageing infrastructure. Categorize the non revenue into various factors, which is not only the responsibility of the Water Supply services. Installation of water meters in ablution blocks and standpipes on informal and rural areas to account for the free water that is provided to these areas. Install water meters on water tankers for
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	To ensure that all BCMM citizens live in a clean, safe and healthy environment by providing an efficient and effective Solid Waste	67	% progress made towards the construction of a Central Waste Transfer Station	Deed of Donation, Deed of Sale (signed),Deed of Transfer	0	Planning and Land Acquisition	-	0	N/A	N/A	N/A	Planning and Land Acquisition	0		No funding for the current financial year	Funding available in 2012/2013 financial year to continue wit h the project

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INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	To ensure that all BCMM citizens live in a clean, safe and healthy environment by providing an efficient and effective Solid Waste	68	Increase the number of Waste Cells constructed at Roundhill Landfill site	Copy of planning & Design report, appointment letter of Construction Co.	2	Planning, Design and of Cell 3	Planning & Design of Cell 3	Appointment of service provider for planning and design of the 3rd cell		N/A	N/A	Planning, Design of Cell 3	10% of planning & design process is in progress		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	To ensure that all BCMM citizens live in a clean, safe and healthy environment by providing an efficient and effective Solid Waste Management services	69	Number of drop off points constructed in informal settlements	Letter of award, completion certificate and Invoices	51	50	30	30 collection points have been constructed in the following areas: Nompumelelo, Mzamomhle, Amatinda Forest, Stoneydrift		N/A	N/A	50	60 - Completion certificates received		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	To ensure that all BCMM citizens live in a clean, safe and healthy environment by providing an efficient and effective Solid Waste Management services	70	Number of garden transfer stations provided	Letter of award, completion certificate and Invoices	3	50	30 shipping containers	30 shipping containers not yet delivered		The service provider appointed did not have enough funding to implement the project	Verification of the financial statements of the bidders prior awarding of the tender	50	0		Service Provider withdrew. Did not have enough funding for project	Project will be re-advertised
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	To ensure that all BCMM citizens live in a clean, safe and healthy environment by providing an efficient and effective Solid Waste Management services	71	Number of households with access to refuse removal services	Community Survey Results	118 384	120 384 (Households)	1500	1500 additional households were serviced in the following areas Macleantown, Sweetwaters, Unit P		N/A	N/A	120 384 (Households)	120,384		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	To ensure that all BCMM citizens live in a clean, safe and healthy environment by providing an efficient and effective	72	Number of Refuse Compactor Trucks purchased for Coastal and Midlands	Letter of award and Licensing Certificates	25	15 (Refuse Compactor Trucks)	5 Trucks delivered	5 compactor trucks have been delivered		N/A	N/A	15 (Refuse Compactor Trucks)	10 remaining trucks will be delivered by end August 2012		N/A	N/A

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INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development (Accelerate the delivery of housing opportunities)	Provision of adequate community facilities to all BCMM communities by 2016	73	Number of Regional cemeteries established	Completion certificates	30	Planning phase & land acquisition	0	0	N/A	N/A	N/A	Planning phase & land acquisition	land identified		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			74	Number of cemeteries fenced	Completion certificates	30	2 (Cemetries fenced - inland)	1	0		No budget	Ensure budget is applied for timeously	2 (Cemetries fenced - inland)	2		Work in progress	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			75	Number of halls constructed	Completion certificate	86	Planning Phase	Construction of facility	1		N/A	N/A	Planning Phase	1		N/A	N/A
			76	Number of halls upgraded	Completion certificate	5	5 (Halls upgraded)	0	0	N/A	N/A	N/A	5 (Halls upgraded)	0		No funding approved	Funds allocated in new financial year
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 6: Environmental assets and natural resources within Buffalo City Metropolitan Municipality are enhanced and well protected by 2016	Provision of adequate community facilities to all BCMM communities by 2016	77	Number of open spaces developed into recreational facilities	Completion certifcates	20 open spaces	8 (Recreational facilities)	4	0		Delay on the awarding of tenders for supply of playground equipment	Tenders were awarded on the 22/02/2012	8 (Recreational facilities)	25%		Service provider delayed installation of playpark equipment	N/A
			78	Number of greening initiatives introduced	Photos of areas where initiatives were introduced	8	2 (greening initiatives)	1	0		No budget	Business plans to be submitted to apply for funding	2 (greening initiatives)	0		No Budget	No Budget
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 4: Sustainable infrastructure to support social and economic development (Accelerate the delivery of housing opportunities)	To improve and upgrade amenities so that they service the education, conservation, sport and recreation needs of the community by 2016	79	Number of animal enclosures upgraded at the zoo	Completion certificate	3 (Enclosures Upgraded)	1 (Enclosure)	50% of construction work for upgrade of enclosure completed	25%		Slow progress by contractor on site	Letter of due dilligence given to contractor to improve performace	1 (Enclosure)	100% of construction work for upgrade of enclosure completed		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			80	Number of sports fields upgraded	Completion certificate	8 (Sports fields upgraded)	3 Sports fileds upgraded)	50% of upgrade of sportsfield completed	0%		Upgrading of Needs Camp - Bid Specs document was initially submitted to SCM on 30 July 2011, however SCM misplaced the document and the official from SCM in charge of the tender was suspended. Bid Specs document was resubmitted to BSC on the 24/2/12 and the tender advert has closed on the 4/4/12. Sportsfacilities (USDG) - BSC	On Sports Facilities, Community Services Directorate will meet the BSC to clarify the specifications. On Upgrading of needs camp - BEC meeting was scheduled for 12/4/12 at SCM, however the meeting did not take place due to lack of quorum, Amenities official was present	3 Sports fileds upgraded)	0% sportsfileds has been upgraded		Sports Facilities (USDG): Meeting with BSC did not materialise. Upgrading of Needs camp Sportsfields: Delays amd lack of direction at SCM regarding processes resulted in the project being delayed.	Emails were sent to the BSC chairperson regarding the Sports Facilities (USDG) project. Emails were sent to SCM regarding the Upgrading of needs Camp Project
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY			81	Number of swimming pools upgraded	Completion certificate	1 (Parkside Pool Upgraded	1 (Swimming pool upgraded)	50% of upgrade of pool completed	100%		N/A	Project Complete	1 (Swimming pool upgraded)	100% of upgrade of pool co,pleted		N/A	N/A
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 8: Environmental assets and natural resources within Buffalo City Metropolitan Municipality are enhanced and well	Promote sustainable management and conservation of all BCMM natural resources	82	% progress made towards the development of an Air Quality Management Plan	Adopted Air Quality Management Plan	0	100% (Adopted Air Quality Management Plan)	Draft Report to be presented to Health Management by Service Providers	The Final Draft Air Quality Management Plan will be submitted for counil approval to next H&P Safety Standing Commetee meeting		N/ A	N/ A	100% (Adopted Air Quality Management Plan)	Final report submitted to the H& PS Standing Committee		N/A	N/A

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INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	protected by 2016	To ensure the protection & conservation of BCMM natural resources	83	% progress towards the development of Alien Invasive Eradication Plan	Adopted Invasive Eradication Plan	0	100% (Adopted Alien Invasive Eradication	75% (Draft Alien Invasive Eradication Plan)	Draft Plan in place, awaiting comments from SANBI - Early Detection		N/A	N/A	100% (Adopted Alien Invasive Eradication	no information received		no information received	no information received
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	BCMM 6: Environmental assets and natural resources within Buffalo City Metropolitan Municipality are enhanced and well protected by 2016	To ensure the protection & conservation of BCMM natural resources	84	% progress towards finalisation of BCMM Climate Change Strategy	Adopted Climate Change Strategy	0	100% (Adopted Climate Change Strategy)	75% (Draft Strategy)	ToR Developed, Service Provider to be engaged		Strategy was initially to be developed internally, but lack of capacity hindered the process, hence a need to outsource the service	Service Provider to be negaged and speedily conclude the development of the Strategy	100% (Adopted Climate Change Strategy)	no information received		no information received	no information received
			85	% progress towards the Implementation of Environmental Education Strategy	Implementation plan and report	0	100%	75%	Environmental Education Strategy is being implementend on an ongoin		N/A	N/A	100%	no information received		no information received	no information received
			86	% progress towards reviewal of Integrated Environmental Management Plan & Integrated Coastal Zone Management Plan	IEMP & ICZMP	1	100% (Reviewed Intergrated Environmen tal Plan & Intergrated Coastal Zone Manageme nt Plan)	75% (Reviewal of Sector Plans)	Specifications approved and Formal Tender advertised. Formal Tender to go through the SCM process and service provider to be engaged.		IEMP & ICZMP were initially to be reviewed internally, but lack of capacity and changing legislation hindered the process, hence a need to outsource the service	Hastenen the SCM process, engage a service provider and conclude the review process	100% (Reviewed Intergrated Environment al Plan & Intergrated Coastal Zone Managemen t Plan)	no information received		no information received	no information received

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								Target (1 January - 31 March 2012)	Actual Target Achieved	Rating Key	Reason for Deviation		Quarter 4 Target (1 April - 30 June 2012)	Actual Target Achieved	Rating Key	Reason for Deviation	
MUNICIPAL DEVELOPMENT PERSPECTIVE																	
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	87	Number of training and capacity building programmes implemented	Certificates, Attendance registers	4	4	3	2 (Customer - care and Tender Advice		The outstanding targets are for Cooperative Governance and Business Management training. The deviation was due to a delay on receipt of outstanding information requested from prospective bidders as part of the SCM process	Award being finalised for remaining training programmes. The project duration is 4 weeks and target will be met in the next quarter of the financial year. Training participants have been identified.	4	5		N/A	N/A
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and	88	Number of marketing initiatives to support SMME's undertaken	Exhibition photos, Tourism SMME Marketing Booklet	2	4	3	2		The third exhibition will be undertaken in June	Exhibition to take place in June. This is an external exhibition and cannot be moved.	4	4		N/A	N/A
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	89	Number of cooperatives supported	Copy of confirmation of funding	50 cooperatives	50	40 cooperatives	50(40 was part of training programmes and 10 was part of the financial support)		N/A	N/A	50	50		N/A	N/A
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and	90	Number of tourism infrastructure projects completed	Completion certificate, Photos of the infrastructure	2 (completed Tourism Projects)	1	0	N/A	N/A	N/A	N/A	1	0		Construction of Access roads delayed due to SCM Process and Roads Department	A request for a roll over has been done

Key Performance Areas (KPA)	BCMM Objectives	Specific Objectives	Key Performance Indicator (KPI) Numbers	Key Performance Indicators (KPI)	Portfolio of Evidence required	Baseline	Target 11/12 (1 July 2011 to 30 June 2012	2011/2012				Corrective Action	2011/2012				Corrective Action
								Target (1 January - 31 March 2012)	Actual Target Achieved	Rating Key	Reason for Deviation		Quarter 4 Target (1 April - 30 June 2012)	Actual Target Achieved	Rating Key	Reason for Deviation	
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	91	Number of tourism training and capacity building programs implemented	Certificates, Attendance registers	2	4	3	0		3 Trainigs planned (Tour Guiding, Advanced Cooking and Customer Care) In terms of Tour Guide training the No of participants identified are not sufficient to commence the training. The dept is still inviting interested participants to register and the training will be implemented in the next quarter. Training participats have been identified	The dept will go out on a re-tender and the project will be implemented in the fourth quarter	4	3		There are no response for expression of interest	A request for expression of interest will be re-done in the next financial year
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	92	Number of tourism related events coordinated	Events programme, photos and project close out report	2	3	3	0 (Planned Events was Easter Festival and Winter Festival)		The planned Easter Festival has been moved to the fourth quarter due to a partnership proposal from the National Ports Authority for the Harbour Festival. The project will delivered in the fourth quarter	Dept will commence with procure ment of goods and services and the event will be implemented in the fourth quarter	3	3		N/A	N/A
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	93	Number of service excellence and quality assurance programs implemented	Programme, Agenda, Photos of participants and close out report	0	1	0	0	N/A	Key partner (Dept of Tourism) has requested that the programme be implemented in the month of May 2012. The target will only be met in the fourth quarter. Progress to date is engagments (BKCOB)	Dept will commence with procure ment of goods and services and the event will be implemented in the fourth quarter	1	0		Delay in the finalisation of Terms of Reference with the outside stakeholders	Dept requested roll-over for the next financial year and project will be implemented in 1st Quarter of new financial year
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	94	Number of Tourism SMME's supported	Exhibition photos, Tourism SMME Marketing Booklet	20	20	15 Marketing Brochures	5		The target is partialy met and outstanding 10 Tourism SMME's will be supported with marketing booklets for the Rand Easter and the Tourism Indaba. The actual achievement will be recorderd on the fourth quarter	Marketing is being designed and will delivered in May. The actual achievement will be recorderd on the fourth quarter	20	12		Insufficient funds needs exceeds budget	Require more funds to be able to meet all their needs
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	95	Number of agricultural capacity building programs implemented	Photos for agricultural infrastructure, Training Manuals and Photos of participants	2	3 (Organic Farming, Information days, Hydroponics Training)	1 hydroponics training	3 (Organic Farming, Information days, Hydroponics Training)		N/A	N/A	3 (Organic Farming, Information days, Hydroponics Training)	3		N/A	N/A

Key Performance Areas (KPA)	BCMM Objectives	Specific Objectives	Key Performance Indicator (KPI) Numbers	Key Performance Indicators (KPI)	Portfolio of Evidence required	Baseline	Target 11/12 (1 July 2011 to 30 June 2012	2011/2012				Corrective Action	2011/2012				Corrective Action
								Target (1 January - 31 March 2012)	Actual Target Achieved	Rating Key	Reason for Deviation		Quarter 4 Target (1 April - 30 June 2012)	Actual Target Achieved	Rating Key	Reason for Deviation	
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	96	Number of rural agriculture infrastructure programs implemented (Rural Wards)	Completion certificates, Photos for agricultural infrastructure.	2	4 (Abattoir, Wool processing facility, Shearing Shed, Pakshed Nursery)	0	0	N/A	N/A	N/A	4 (Abattoir, Wool processing facility, Shearing Shed, Pakshed Nursery)	2		Packshed was completed during the 2nd quarter and POE was submitted during the reporting period. The other infrustructure projects could not be achieved due	
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	97	Number of hydroponics projects rolled out in urban and rural areas	Completion certificates	2	2 hydrophonics for rural wards, 1 for urban ward	0	2 rural wards and 2 urban wards		N/A	N/A	2 hydrophonics for rural wards, 1 for urban ward	2		N/A	N/A
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	98	Number of emerging farmers supported	Certificates, Attendance registers and photos of participants	10	15	12 Emerging farmers	20		N/A	N/A	15	20		N/A	N/A
LOCAL ECONOMIC DEVELOPMENT	BCMM 3: To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality	To develop and grow BCMM economy focusing on the key growth sectors which include Tourism, Agriculture, Manufacturing, Automotive, Construction and Financial sector	99	% progress made towards the establishment of agricultural support centres	An approved Agricultural support centre design	0	20% (Approved Agricultural Support centre Design)	15%	0		No funds Available from Current Financial Year	Project to be removed from SDBIP. The project will in future be accommodated in the Cooperative Support Centre	20% (Approved Agricultural Support centre Design)	0		Project could not be implemented in current financial year due to unavailability of funds	Request more funding
			100	Number of Trade and Investment Shows/Missons undertaken	Exhibition photos, Attendance confirmation, Programme	0	2	0	0	N/A	N/A	N/A	2	1		SA-China Trade Show was postponed to September 2012. Only then will attend and deliver on the target	BCMM will attend the SA-China Trade Show in September 2012
			101	Participation at International Trade Shows, e.g. Indaba, World Travel and ITB	Exhibition photos, Attendance confirmation, Programme	2	4	0	1 (Cape Town Tourism Getaway Show)		N/A	N/A	4	4		N/A	N/A
			102	Number of BCMM owned land parcels released	Deed of Donation, Deed of Sale (signed),Deed of Transfer	0	2 Land parcels made available for economic developmen	2	0		Moratorium on sale of land still in place	Lifting of moratorium of land sales to be discussed at Land Summit.	2 Land parcels made available for economic development	1: Erf 1 Berlin donated to IDZ. Short Term Lease (6 months) of Erf 32 Berlin,		Moratorium of sale of land still in place. Council has however resolved to consider releasing	Lifting of Moratorium by Council